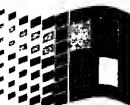
# FINANCIAL TIMES



World Business Newspac

High-tech stocks Windows 95 sets the pace

Mortgage lenders

UK firms build a

💃 home in Europe



Deregulation starts to slow



Weekend FT Catering for the hungry flier

FRIDAY OCTOBER 20 1995

#### **Unionist leader** threatens UK over **Uister peace talks**

Ulster Unionist leader David Trimble warned he would be prepared to bring down the British government in a confidence vote. His statement is likely to alarm UK prime minister John Major technical majority in the Common way. whose technical majority in the Commons was reduced to five after one of his MPs defected to the opposition Labour party. The warning comes at an important time in the Northern Ireland peace process, with the London, Dublin and Washington government. ernments epparently close to paving the way for s new round of talks. Page 18

Buffett decision surprises Wall Street: Warren Buffett, chairman of investment group Berkshire Hathaway, surprised Wall Street by deciding not to convert \$140m of Salomon preferred stock into 3.7m ordinary shares. The market's initial reaction was that Mr Buffett had passed a vote of no confidence in Salomon. Page 21; Salomon results, Page 23; Lex, Page 20

Germany to widen investment options: Germany aims to give savers e wider choice of investment vehicles as part of its programme to deregulate and strengthen its financial markets, finance minister Theo Waigel said. Page 20

Yeltzin looks to replace foreign minister: Russian president Boris



sion plans, Page 2

Yeltsin sald he was looking to appoint a new foreign minister to replace Andrei Kozyrev (left) in a move which could signal a further shift towards a more overtly nationalist for-

eign policy. He said Mr Kozyrev had proved incapable of co-ordinating all of Russia's foreign policy interests. Mr Yeltsin also criticised Nato's expan-

Warring Balkan parties toughen stance; US peace envoy Richard Holbrooke said Serbia, Croatia and Bosnia had "hardened their positions in anticlpation" of this month's peace talks, Page 2

Clinton threatens veto on Medicare: US President Bill Clinton threatened to veto a bill Which aims to cut Medicare spending if the Republicans were to win a House of Representatives vote on the issue. The Democrats believe the health cuts will harm the elderly. Page 5

Johnson & Johnson, the US healthcare group. made a \$1.7bn offer for Cordis, a maker of cardiology equipment. Cordis said it had "no definitive nment" on the offer Page 21

Tokyo presses on bank debts: The first clear evidence of likely interpational fallout from Japan's cial authorities confirmed they were asking foreign creditors of a failed bank to write off some of their loans. Page 6; Editorial Comment, Page 19

Nokia shares fell 15 per cent in early New York trading after the Finnish telecommunications group produced lower-than-expected interim figures.

Appeal on China's WTO entry: World Trade Organisation head Renato Ruggiero urged the US to reassure Beijing that China's attempt to join the WTO would not be blocked. Page 7

Coca-Cola, the US soft drinks company, reported a 13 per cent increase in net income for the third quarter of 1995. Profits for the quarter came to \$802m, up from \$708m in the same period last year.

**Iraqi famine warning:** More than five years of UN economic sanctions have brought Iraq to the brink of famine, e report by the UN Food and Agriculture Organisation warned. It said Iraq could no longer produce even half the food grain and vegeta-

S African serial killing suspect shot: South African police shot and arrested a suspect in the serial killings of at least 40 women. The man was said to be in satisfactory condition in hospital,

French tax change on cohabiting couples: France confirmed it would reform the tax code which allows cohabiting couples with children to mefit from higher deductions than those allowed to married couples. Page 20

Eurotunnel appoints commercial officer: The Anglo-French Channel tunnel operator Eurotunnel appointed Bill Dix as its chief commercial officer after the departure of Christopher Garnett in March. Mr Dix has been running his own travel and leisure business since 1993. Page 26

N STOCK MARKET INDICES	# DOLD
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# Four-strong alliance set to develop new chip

IBM, Motorola, Siemens and Toshiba holding talks

By Michiyo Nakamoto in Tokyo and Paul Taylor in London

Four of the world's leading semiconductor manufacturers are planning to develop jointly the next generation of advanced memory chips which are expected to start sppearing in elec-tronic devices early next century. IBM and Motorola of the US, Siemens of Germany and Japan's

Toshiba confirmed yesterday that they are in discussions regarding joint development of 1 gigabit dynamic random access memory (D-Rams). These new memory chips -

each capable of storing more than 1hn bits of data, up to 250 times the capacity of the current generation D-Rams found in per-sonal computers - will be highly complex and extremely costly to

Windows95 opens profitable doors -World stocks Pages 44

develop and make. They are expected to play a significant rols in future multimedia products which will require vast amounts of processing power and storage.
"We are discussing the possibility of a four-way alliance,"
Toshiba said. Siemens said that although discussions were con-

been reached. The proposed alliance would build on e partnership between IBM. Siemens and Toshiba formed in 1992 which has already successfully developed 64 megahit D-Rams and unveiled its first fully functioning 256 megabit chips in June in a project expec-ted to cost a total of \$1bn.

The expected participation of Motorola as a member of the alliance reflects the need to share

the escalsting costs and risks involved in developing increas-ingly complex semiconductor

"With every generation of chip, the cost goes up geometrically," said one industry official. At the same time, the ability to put ever more circuits on to a small chip tests the technology of even the leading semiconductor manufac-

"It is not possible to rely on existing technology hut rather some kind of breakthrough is necessary," explained Toshiha, "For that to happen, it is better to pull together more resources." Other semiconductor makers have been forming partnerships and alliances to share the costs of

developing and producing

advanced generation chips.

NEC of Japan has an agree ment with AT&T of the US and Samsung of Korea to develop various technologies thet are neces sary to build 256 megahit chips whils Hitschi has linked with Texas Instruments in 256 megabit D-Ram development.

IBM and Toshiba are also jointly producing 64Mb D-Rams developed by the alliance. The two companies announced this summer that they will invest \$1.2bn in a manufacturing facility in the US to start commercial production of the 64Mb chips in

Meanwhile, Siemens and IBM are producing 64Mb chips from a pilot plant in East Fishkill, New York. Siemens has built a new \$2hn research and production complex in Dresden, which specialises in dynamic random access memory chips and is due to begin production later this year. The Dresden plant will eventu-

ally make the 256-megabit memory chips developed hy Stemens with IBM and Toshiba.

# Claes at crossroads over corruption claims



The Balgien perliament was last night meeting in clased session to decide whether Mr Willy Claes, Nato secretary-general, should be indicted on corruption charges releting to the Agusta bribery scandal, writes Lionel Barber in Brussels.

Mr Claes, above left on his way to par-liament, e former Flemish Socialist leader and long-time Belgian government minister, insisted on his right to defend himself In front of his former parliamentary col-

He arrived, flanked by two lawyers, to face e grilling expected to last several hours. Mr Claes has repeatedly protested his innocence in a case over payments in the late 1980s, when he was economics minister, to his Flemish Socialist party by Agusta, the Italian helicopter meker, and Dassault, the French aircraft maker. The threat to Mr Claes comes at a sem

tive time for the Nato alliance, which is preparing to send e force of 50,000 to Bosnia to enforce a tentative peace deal.

Last weekend, a perliamentary panal voted narrowly to recommend that Mr Class be indicted before the Supreme Court. If the full lower chember follows suit, the widely held view in Brussels is that Mr Claes would have to step down.

Potential successors at Nato Include Mr Uffe Ellemann-Jensen, former Danish for-eign minister, Mr Ruud Lubbers, former Dutch prime minister, and Mr Hans van den Broek, EU commissioner for external

# Daewoo pays \$100m for Steyr stake

By John Burton in Secul and Ian Rodger in Zurich

buy a 65 per cent stake in Steyr-Daimler-Puch, the struggling Austrian engineering and weapons group, for more than Schibn (\$100m) from Creditanstalt-Bankverein, Austria's second largest

The move is the latest in e rapid build-up by Daewoo of its motor manufacturing activities in Europe, and is aimed mainly at getting control of Steyr's diesel engine technology and engine

and transmission manufacturing Daewoo is expected to invest a a 60 per cent stake.

Daewoo, the South Korean further \$150m in the Stear industrial conglomerate, is to the deal, expected before the end of the year.

Earlier this year. Daewoo and Stevr bought a 50.2 per cent stake in Avia, the Czech light truck producer, and plan an immediate \$101m investment in a diesel engine line.

In June, Daewoo also eigned an agreement to take a 61 per cent etake in FS Luhlin, e Polish truckmaker, and in August, it pledged to invest \$1.1bn in FSO, the Polish state-owned carmaker,

Steyr, the sale is an important step in its drive to sell off its large industrial holdings.

However, it will buy back sev-eral of Steyr's activities which are of no interest to Daewoo. These include a joint venture with Chrysler of the US to make mini-vans and jeeps, a bus pro-duction venture which is 80 per cent controlled by Volvo of Sweden, and the Austrian distribution of Fiat cars.

by the year 2001 in exchange for sider the future of those operations once the Deewoo For Creditanstalt, which will transaction had been completed. will include the production of diesel engines, transmissions, agricultural machinery and rifles. Daewoo is already a substantial producer of weepons.

Creditanstalt said these operations would account for

Continued on Page 20 Seoul urged to speed reforms, Page 6 Korea trade, industry and finance survey, Pages 9-14

### Italian minister defies vote by Senate

By Robert Graham in Rome

Mr Silvio Berlusconi, the former ltalian prime minister and leader of the right wing alliance headed by Forza Italia, last night pledged to table a motion of no confidence in the government of Mr. Lamberto Dint Mr Lamberto Dint.

The move was a dramatic conclusion to an extraordinary day in Italian politics which saw the Senate pass an unprecedented motion of no confidence in Mr Filippo Mancuso, the justice min-ister. Mr Mancuso, however, defied the motion and challenged the legality of the move in the constitutional court. This led President Oscar Luigi Scalfaro to revoke Mr Mancuso's mandate in the justice portfolio and appoint prime minister Lamberto Dini as an interim replacement pending the outcome of a Constitutional

Copyt ruling, due next Tuesday, of the situation had forced him to table a no-confidence motion. The motion, expected to be presented to parliament today, puts at risk the eight-month-old gov-erament of Mr Dini. It also places a question mark over the fate of the 1996 budget,

### Japanese property group sees loss in wake of write-offs

By Gerard Baker in Tokyo

Haseko Corporation, one of Japan's leading property companies, yesterday said it would declare large losses on its land holdings, providing further evi-dence of the fragility of the coun-try's financial system. The aftertax write-off will amount to more than half the shareholders' capi-

sion to sell part of its large hold-ings of land, whose value has

At the recurring level - before

extraordinary items and tax -

the company will record a loss of

Y81bp. In the year to last March. Haseko reported a recurring profit of Y5.4hn and an after-tax

profit of Y1.3bn.

slumped in the last five years.

The company, one of the largest builders of condominiums, said the continuing slump in property prices was hehind a decision to revise sharply downwards its earnings forecasts for the current financial year. It expects to record an after-tax loss of Y185bn (\$1.78bn) for the year to next March, against e forecast five months ago of a net profit of Y500m. The reversal was the result of the company's deci-

Mr Berlusconi said the gravity

Continued on page 20

to circulate. Before the eusper eion, Haseko's share price had fallen 7 per cent to Y351. Trading is expected to resume today.

Mr Kohei Gode, president, attempted to reassure investors that the decision to write off the losses was an indication of the company's strength. But the blow et the after-tax level will amount to more than 50 per ceot of the shareholders' capital of Y292.3bn. Mr Goda said the company would not pay a dividend for the cur-

Land prices in Jepan have collapsed since their peak of five years ago. They were infleted during the so-called bubble economy, the period of epeculative increases in asset prices of tha late 1960s, when land prices in some urban areas doubled in less than five years.

Construction companies bought up large parcels of land in the rush to develop commercial and residential property. But average urban land prices are estimated to be at least 50 per cent below their peak levels and prices of condominiums have been hit hard. Haseko is the first construction

company to write off a loss stem

Trading in the company's shares was suspended yesterday when reports of the losses began Continued on Page 20 Lex, Page 20 CONTENTS ent. Bond Service

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UAE: Dm12.00 © THE FINANCIAL TIMES LIMITED 1995 No 32,811 Week No 42 LORDON - LEERS - PARIS - FRANKFIRT - STOCKHOLM - NEW YORK - LOS ANGELES - TOKYO By Bruce Clark in London and Laura Silber in Zagreb

Mr Richard Holbrooke, the US peace envoy, yesterday won assurances from President Franjo Tudiman of Croatia that Zagreb would hold back from seizing the Serb-held regions of eastern Slavonia.

But Mr Holbrooke acknowledged that Mr Tudjman had retained the right to use force if he failed to reach an agreement with Serb leaders over the oil-rich area.

Daily threats from Croatian officials, and UN reports of Croatian troops on the move, have triggered fears of an imminent offensive.

On a final round of shuttle

of peace talks in the US, Mr. was "substantial *prima facie* troops without an iron-clad Holbrooke said in an interview evidence of war crimes, which peace settlement". that the main protagonists -Serbia, Croatia and Bosnia had "hardened their positions in anticipation" of the talks. Despite a week-old US-bro-kered ceasefire in Bosnia, clashes continued vesterday in the north-west, around the

Bosnian Serb leaders called on the UN to use airstrikes to halt an advance by Croatian and Moslem-led government forces towards Banja Luka, the Serb stronghold.

town of Sanski Most.

After interviewing Moslem refugees, Mr John Shattuck, assistant US secretary of state for buman rights, accused the Serbs of "horrendous human

confirmed, could lead to indictments" at the International Court of Justice in The

Hague.
Mr Shattuck challenged Serb leaders to clarify the fate of some 2,000 Moslems - mostly men - who disappeared from north-west Bosnia. The strong US attack on Serb behaviour raised speculation that punitive action was being pre-

Referring to controversy in Washington about the des-patch of US troops, Mr Hol-brooke said: "There will be no successful peace settlement without US involvement. He added, however, that "there will he no despatch of US peace settlement".

However, analysts say the

credibility of the Clinton administration in the eyes of all parties - including Bosnia and Croatia - has been weakened by the sceptical reaction on Capitol Hill to plans for the deployment of up to 20,000 US troops in Bosnia. Legislators have posed questions about the precise mission of the US contingent and its likely vulnerability to Serh revenge. The question US officials find hardest to answer is why one year has been specified as the dura-tion of the mission. The Clinton team has denied that the November 1996 election is a

factor, but this claim has been

received with scepticism.

An administration which is struggling to makes its case in Congress will also find it hard to dissuade the Croatian government from attacking, or the Sarajevo government from consolidating its gains against the

The Sarajevo government is a sophisticated reader of the signals in Washington, in close contact with a powerful pro-Bosnian lobby in Congress. Under one possible outcome

openly advocated by some conservatives in Washington -the need to deploy US troops could be made less pressing by further advances by troops of the Croatian-Bosnian coalition, ultimately confining the Serbs to a small part of eastern

If these advances did take place, and several hundred thousand more Bosnian Serbs are driven out of western Bosnia, there would be little point in deploying a large international force as currently envis-

Observers fear the US administration's ability - and perhaps its desire - to prevent this possible outcome could falter if the issue of US troop deployments in Bosnia became part of the Clinton administra-tion's broader differences with

Congress. Reuter adds: Britain's General Rnpert Smith will soon be replaced as UN commander in Bosnia by another UK officer, General Michael Jackson, UN officials said vesterday.

By Emma Tucker in Madrid

A scheme to take Oscar Wilde

blocking a modestly priced programme to get EU novels and plays translated into and

The Commission argues that while the works of Graham Greene, Primo Levi, and Georges Simenon circulate in many European languages, lesser-known Portuguese poets and Flemish playwrights run the risk of neglect.

diplomat said.

publishers who soaked up the funds of an earlier pilot project that first promoted translarière, one of France's largest union tions at an EU level. organisations, has adopted a similar

Byatt's Possessinn and Jeanette Winterson's Oranges Are Not the Only Fruit - both translated into Greek. Oscar Wilde's Intentions made it into Portuguese. Virginia Woolf'a Between the Acts was translated into Dutch

The enthusiasm of British

The real problem, said the official, was that the Commission, in proposing the project, had not demonstrated the need for intervention. Even if there is a gap in the market that commercial publishers do not want to plug, the British are not convinced it is the Union's

### UK closes the book on EU translation

to the Portuguese and Virginia Woolf to the Dutch might be expected to go down well with the British. But it is the UK which is

out of the continent's lesserused languages, such as Finn-ish, Swedish, and Portuguese. For more than a year the

UK's European partners have been trying to persuade their British colleagues to back the Ariane programme, at a cost of Ecu9.5m (\$12m) spent over three years. But at yesterday's meeting of culture ministers in Madrid, the British were not changing their position.

"We want evidence that the smaller languages are discrim-inated against," a British official said. "A lot of the small member states are in fayour of the programme but I do wonder whether they can show that there is a problem."

"When a theatre has produced an original work and to be able to help," a Brussels

Ironically, it was British

Beneficiaries included AS

Mr Peter Hoeg, Danish author of the popular Miss Smilla's Feeling for Snow, was another recipient, as was Spain's Antonio Muñoz Mol-

publishers for the pilot scheme did not surprise the diplomats. "We have one of the most sophisticated publishing industries in the world," said a British official. "When there is money lurking around, peopla are rather good at plug-ging into it."

job to step in. They believe it is a problem for the market.

# Yeltsin seeks replacement for Kozyrev

President Boris Yeltsin said yesterday he was looking to appoint a new foreign minister in a move which could signal a further lurch towards a more overtly nationalist Russian

foreign policy.
The increasingly mercurial Mr Yeltsin has developed a babit of ditching unpopular ministers in public, Last month, he told reporters be intended to sack Mr Alexel Ilyushenko before he broke the news to his discredited procurator general. His comments about Mr Andrei Kozyrev did not appear spontaneous and were repeatedly stressed.

Despite his recent health concerns, Mr Yeltsin appeared in lively form yesterday, stopping to pinch the backs of two female secretaries before the oews cooference.

Mr Yeltsin, who bas beeo sbarply critical of the Foreign Ministry's work io recent weeks, said he was searching for a replacement for Mr Kozyrev - although the foreign minister would remain in his post for oow.

Speaking to reporters before leaving today on a trip to France and the United States.

had proved incapable of co-ordinating all of Russia's foreign policy interests. "Dissatisfaction remains. I see no improve-ment in this work," the president said.

He repeated his tough stance over Nato expansion plans, threatening to take unspecified "protective moves" to prevent it from happening. "We propose a European security system which would exclude the expansion of Nato and the presence of nuclear weapons in the countries of eastern and central Europe," he said.

The more nationalist mood in Moscow is reflected in today's Sevodnya newspaper which publishes extracts from a defence institute report denouncing western influeoce in Russia and calling for a more aggressive foreign policy.

The liberal Mr Kozyrev bas increasingly found himself out of step with that mood desplte recent attempts to give his commeots a more chauvinist edge. Russian nationalists have mounted a vociferous campaign against him, chastising the Foreign Ministry for failing to assert Russia's interests in the former Yugoslavia. Last month, the lower bouse of par-

The court ruled the council could not

exercise its discretion to withhold doc-

uments at the expense of citizens' right

to information. The council must, when

exercising its discretion, "genuinely

balance the interest of the citizens in

gaining access to documents against

any possible interest of its own in

maintaining the confidentiality of its

Earlier this month the Council of

Ministers agreed a new code of conduct

designed to open up its procedures to

greater public scrutiny. The code aims to limit the council's ability to keep

secret minutes of meetings but it bas been attacked because it still gives

ministers the right to block the release

of documents in special circumstances.

In addition, the code will not be

Mr Hänsch said the court decision

should force the council "to look again

at its last timid and half-hearted deci-

sion on transparency", while Mr Carvel

said "there might be a connection"

between the court case and the coun-

cil's "astonishing change of mood" on

The court might soon be handed

another case relating to secrecy follow-ing disclosure that the council bad

refused Swedisb journalists access to

18 of 20 documents relating to Europol,

the European police intelligence

agency. The journalists had been granted access to the documents by the

applied retrospectively.

deliberations".



Russian president Boris Yeltsin surprises a secretary at a press conference in Moscow yesterday

liameot voted for his dismissal. But Mr Kozyrev has been Mr Yeltsin's longest-serving and loyal minister and has survived many scrapes.

At a regular briefing yesterday, a foreign ministry press official said he knew nothing to suggest Mr Kozyrev would

By John Ridding in Paris

Some of France's main trade unions are

threatening joint action to protest

against government proposals to reform

the social security system, the Commu-

nist-led CGT union said yesterday.

The statement, which follows a public

sector strike earlier this month against

pay curbs, demonstrates the tough task

the government faces in cutting the

Mr Alain Juppe, the Gaullist prime

minister, has pledged to eliminate the

deficit in the social security accounts

by 1997 as part of his strategy to satisfy

the budgetary conditions for European

monetary union (Emu). He has

launched a national debate to prepare

measures to curb spending and increase

efficiency, with the aim of introducing

reforms next year.

But trade unions have reacted angrily

to government proposals to raise the

daily contribution paid by hospital

patients from FFr55 to FFr70 and to limit the increase in hospital spending

to 2.1 per cent next year, from 3.8 per

Mr Louis Viannet, general secretary

of the CGT, condemned tha "inadmissi

ble increase in hospital contributions"

and the fact that it was announced just

as the dehate on welfare reform was

getting under way. He said he was con-

tacting other unions with the aim of

launching a joint protest next month.

Mr Marc Blondel, head of Force Ouv-

cent in 1995.

FFr60bn (\$12bn) welfare deficit.

be dismissed and western diplomats cautioned against writing him off prematurely. However, his departure would be met with disappointment in many western capitals.

Mr Kozyrev appears keen to remain in politics and intends to run as an independent par-

threaten joint action

liamentary candidate in the oorthern city of Murmansk in the December elections. That contest could prove vicious -one of his opponents is the sis-ter of Mr Vladimir Zhirinovsky, the inflammatory nationalist and one of Mr Kozyrev's fiercest critics.

stance. He said on Wednesday that be

was consulting his union oo the possi-

bility of a national strike to protect the

expressed willingness to take part in a

The FSU union organisation has also

France's traditionally divided trade

unions have shown signs of overcoming

their differences. The strike earlier this

month, which brought many public ser-

vices to a halt, was the first combined

action since 1986. But it is not yet clear

whether they can unite on the issue of

The traditionally moderate CFDT

union has taken a nuanced stance

towards collaboration. "Just because we

had that common action does not mean

that contacts behind it are developing".

said Mrs Nicole Notat, the union's

However, a senior CFDT official

warned: "If the government makes pro-

posals completely opposite to ours we

will have no besitation in fighting

This month's strike and trade union

opposition to the government's reform plans have unsettled financial markets

and prompted doubts about its ability

to cut the public sector deficits to 3 per

cent of GDP by 1997 as the Emu criteria

require, compared with a forecast 5 per

social security system.

social security.

# British newspaper in | French trade unions | EU secrecy victory | threaten joint action

By Caroline Southey in Brussels

Campaigners against secrecy in the EU yesterday welcomed a European Court of Justice ruling that the European Conncil of Ministers was wrong to deny a British newspaper access to doc-

The court found in favour of Mr John Carvel, a journalist working for the London-based Guardian newspaper, who had challenged the council's right to deny bim access to the minutes of three of their meetings. He was also refused access to voting and attendance records. Mr Niels Helveg Petersen, Danisb

minister of foreigo affairs, said the judgment sent "an important signal that the EU is a legal system based on the widest possible public access of citizens". Mr Klaus Hänsch, president of the European parliament, said the decision was a "vital step forward in the parliament's battle to break down the walls of secrecy surrounding decisionmaking in council".

Mrs Pauline Green, leader of the parliament's socialist group, added the decision would "force the pace on openness and transparency". The European council was "the only law-making body in the whole of the democratic world" that operated with such a high degree of secrecy.

The Guardian's case was backed by the European parliament and the Dutch and Danish governments. THE FINANCIAL TIMES

Swedish government.

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# Greek unions warn of strike over sell-off plan

Greek unions threatened to strike yesterday unless the socialist government cancels a planned partial flotation of the state-controlled Hellenic Telecommunications Organisation (OTE) within a month, Reuter reports from Athens.

"The government must abandon flotation experiments and guarantee OTE's development if we don't want to be crushed by the competition," said Mr George Maniatis, president of the OME-OTE union, representing 19,000 OTE workers. "This is the last warning; we give them a month and from then on the clasb will be

Company officials said the union planned to call strikes in mid-November when the govannounce a new plan to float 6-8 per cent of OTE via the Athens bourse.

Mr Maniatis urged the government to guarantee OTE \$3.2bn until the year 2000, to ensure the company can compete when European telecoms are fully deregulated three years later.

The union has blocked two previous privatisation attempts with strike action that brought chaos to Greece's telecommunications.

Mr Yannos Papandoniou, national economy minister, said this week he felt workers were ready to accept the new flotatioo plan, from which the government hopes to raise "The minister about \$450m.

"We oppose any plan that will upset OTE's state character." A plan agreed between the

state and the workers in March 1994 calls for \$3.2bn to be pumped into OTE by the year 2000. The government hopes to raise the funds through increased charges and an eventual 25 per cent flotation.

Bulgaria's unions said they

would seek amendments to their government's privatisation programme, to provide better safeguards for small investors and employees. Mr Ivan Netkov, of the Independent Trade Unions Confederation, said companies might clear debts to staff by giving employees equity instead of

EUROPEAN NEWS DIGEST

# Finnish drive to halve jobless

Finland's Social Democrat-led government yesterday announced a raft of measures to support its drive to halve unemployment over the next four years. Finland's jobless rate of 17 per cent is Europe's second highest after Spain

The package, aiming to lower unemployment by 120,000 from 400,000, will cut taxes on labour, reform the labour market, promote entrepreneurship, increase education and training and boost construction.

Unemployment insurance contributions will be cut next year and labour taxes will be reduced further over the following three years as part of a general assault on high taxes. Some measures, such as making working hours mate flexible, involve significant structural reforms in Finland's highly unionised labour market.

The government stressed the programme would not endanger its plans for European economic and monetary, union.

Christopher Brown-Humes, Stockh

Air traffic deal upsets others The pay deal agreed between Italy's air traffic controllers and the government has been strongly attacked for breaching

guidelines on public sector wages.

Mr Sergio Cofferati, the leader of the CGIL, the country's largest trade union confederation, said the agreement not only breached the pay guidelines operational since 1993, but was also an example of a small group using its position in a strategic sector to reap maximum individual advantage. The agreement followed aix weeks of chaos in Italian air travel caused by the air traffic controllers go-slow and bar on.

The 1993 agreement between unions, employers and the government envisaged wages rising in line with projected as opposed to actual inflation. However, the air traffic controllers agreement, according to the CGIL, will mean effective increases of 13.5 per cent.

Robert Graham, Rome

#### Cloud over Pole's OECD link

Poland's plans to extend government credit guarantees to the country's shipbuilding industry as part of a five-year restructuring package worth \$500m could hinder the country's efforts to join the OECD next year. The plans, which also include provisions for export credit subsidies and prompt reimbursement of VAT and customs payments to shipburiders, mean that Poland will have to negotiate a transition period if it wants to sign the OECD's shipburiding agreement, eliminating official subsidies, which comes into force at the beginning of next year.

Mr Klemens Scierski, the industry minister, said yesterday. that Poland wanted to sign the agreement but sought to have a transition period in place until the end of 2001. Accession by Poland to the shipbuilding agreement, whose signatories include 80 per cent of the world's shipbuilding industry, is seen as an informal gauge of Poland's readiness for OECD membership. Last year Poland's three main shipyards reported sales worth \$816m while the value of their order book is currently at \$2.3bn, ranking Poland sixth among the world's shipbuilding countries. Christopher Bobinski, Warsan shipbuilding countries.

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Ukraine workers in pay demand

Several thousand trade unionists yesterday picketed Ukraine's cabinet building to demand higher wages and lower consumer prices. The protests were the most visible public reaction to date to the market reform programme begun by the government last year. The cabinet yesterday met union representatives to consider next year's wage bill for the large state sector. Separately, a miners' congress threatened to strike next week unless the government paid workers back pay. Meanwhile, President Leonid Kuchma yesterday used the executive powers to remove Mr Petro Kupin, the elected Communist governor in the eastern industrialised region of

#### Italy closes crime loophole

Italy yesterday closed the legal loophole that allowed terminally ill criminals to commit crimes with impunity. The constitutional court in Rome ruled that, where a sentence had been reached, judges were no longer obliged to free criminals suffering from terminal illnesses such as Aids.

Jodge Giuliano Vassalli ruled that whilst there had previously been an obligation on jodges to release Aids sufferers, the judges would now be allowed to use their discretion to decide whether to free or imprison. He also ruled that terminal Aids sufferers awaiting trial could be imprisoned or isolated in secure premises. The Aids Gang, three men in the final stages of the illness,

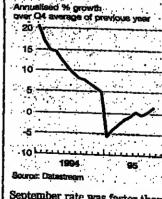
have robbed banks in the Turin area unmasked, in broad daylight and without worrying about security cameras that recorded their actions inside banks. They were regularly arrested, but then released because a 1993 law ruled out custodial sentences for those in the final stages of a terminal

#### Czech privatisation chief jailed

The former director of the Czech Republic's mass coupon privatisation scheme, Mr Jaroslav Lizner, has been jailed for Lizner, who also headed the securities registry, was arrested last year outside a restaurant in Prague after he had been given a briefcase containing Kcs.3m in cash. He was accused of taking the bribe to fix a stock deal.

ECONOMIC WATCH

#### German money growth rises

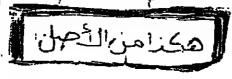


Germany's money supply growth accelerated last month, but economists said this still left open the possibility of further interest rate cuts by the Bundesbank in coming months. At yesterday's council meeting. the central bank left the discount and Lombard rate unchanged at 3.5 and 5.5 per cent respectively. The Bundesbank said M3 rose at an annualised rate of 1.5 per cent in September over the fourth quarter of 1994. compared with 0.8 per cent the previous month and only 0.3 per cent in July. The

September rate was faster than the market had expected and reflected strong bank lending and lower monetary capital formation (in which funds are moved into bonds and other longer term assets outside M31. Despite the plck-up in M3, economists do not expect the 4-6 per cent target growth rate to be achieved this year. Part of the September rise was caused by a statistical overhang at the end of August caused by foreign exchange intervention. Because of the weakening of the economy and low inflation, economists expect interest rates to be cut again by next year. Andrew Fisher, Frankfust French industrial prodoction in July/August rose 0.2 per cent, after a fall of 0.3 per cent in June.

■ Dutch seasonally adjusted manufacturing production rose 0.1 per cent in August compared with July and was 2.8 per cent higher than in the same month of 1994. ■ Portugal's current account in August was Es55.3bn (\$369m)

in surplus, almost unchanged from a surplus of Es55.1bn in August 1994. The public sector borrowing requirement fell to Es600.5bn in the first eight months of the year from Es686.9bn in the same period last year.



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The Report in

Defiant rebel minister puts post-war Constitution on trial

# Italian senators get rough justice

The paucity of powers at the disposal of the Italian prime minieter was dramatically underlined by yesterday's vote of no confidence against Mr Filippo Mancuso, the justice

Despite the public bumilia-tion of being voted against by a large majority of the Senate. Mr Mancuso refused to resign his portfolio.

Indeed he not only chose to insult Mr Lamberto Dini, the prime minister; but claimed the no-confidence motion was illegal and that the Constitution protected him from being ordered around by the prime

The confidence motion itself was the result of Mr Dini lacking the power to sack a minis-ter. Under the 1946 constitution the president appoints the prime minister and cabinet in consultation with the political

If a minister refuses to resign, the prime minister can get rid of him only by the whole government resigning. It was precisely to avoid the resignation and formation of a new government that the device of a no-confidence motion was introduced against a single minister.

For more than five months Mr Mancuso has been the odd man out in the cahinet team. He has gradually placed himself in a position where his presence was an unacceptable embarrassment to the centre-left parties backing Mr Dini. A stickler for legal forms and

new breed of aggressive publicity-conscious investigative magistrates, he set himself on a collision course with the anti-corruption magistrates in

He took every opportunity to initiate disciplinary inspections, the latest being this week against the Milan public prosecutor for informing President Oscar Luigi Scalfaro last November of the impending warrant for Mr Silvio Berlusconi, the then prime minister.

Mr Mancuso refused every quest to lower the tone of the confrontation and ettacked Mr Dini for being "supine" in fail-ing to support him against the criticisms of the centre-left. These criticisms he repeated yesterday in even harsher

He looked extremely confident, enjoying playing the role of defiant victim of a government being dictated to by the Milan magistrates. But his personal truculence, expressed in long baroque sentences, he and his supporters raised some strong legal arguements which will make the case complex to

In the absence of any precedents under Italy's post-war Constitution, it is far from clear, given the principle of collegiate responsibility of the cabinet, whether an individual no-confidence motion can be

The government argued that Mr Mancuso had formally broken such collegiality and there-Just as important, the Con-



fugitive By Andrew Jack in Paris

France

seeks to

extradite

The French authoritles yesterday began preparing the sary to extradite Mr Giancarlo Parretti, the Italian financier, who was arrested in the US on Wednesday and is wanted in France on fraud charges.

Los Angeles police took Mr Parretti into custody on an international arrest warrant issued against him by a French investigating magistrate last

Mr Parretti faces allegations of abuse of corporate funds, forgery, fraud and deception in relation to the \$1.3bn takeover of the MGM film studios that be orchestrated in 1990.

He was interviewed yesterday by Judge Joseph Reichmann in connection with his refusal to appear before the French courts in May, and was refused bail. The French authorities have 40 days to prepare the documents necessary to extradite him. Mr Parretti bought MGM from Mr Kirk Kerkorian, the US financier, largely through loans provided by CLBN, the Dutch subsidiary of Crédit Lyonnais, the state-

owned bank. He partly financed the transaction through Melia Interna-nional, e subsidiary of Sasea, the group controlled by Mr Flo-rio Fiorini, a fellow Italian financier who was eventually jailed for six years by a Swiss court in June this year on five counts of fraud after Sasea went bankrupt in 1992.

By April 1991, Crédit Lyonnais bad launched e legal action to take control of MGM, shares of which were used as security for its loans, after it said Mr Parretti was in default

on his payments. MGM fully came into the bank's control in 1992, and has now been hived off into a special company underwritten by the French state as part of a financial restructuring pack-

age for the bank. Mr Patrick Pièvet, a Parisbased magistrate, bas been examining the circumstances of the MGM takeover since 1991. In March this year he formally placed Mr Parretti under investigation, and at the start of May he issued a warrant for

his arrest. Separately, Mr Parretti faced an extradition request from the US authorities relating to allegations of perjury when he appeared in a Delaware court in an action in which he count-

er-sued Crédit Lyonnais. Until recently, he was living in his apartment in Rome, ignoring requests to come to France and fighting at every level of appeal the extradition requests from the US.

# capital

German tax authorities have stepped up their investigations ing tax by sending money abroad, prompting sharp complaints from two of the country's leading banks.

As a three-year jail sentence was passed on a consultant who tried to blackmail Commerzbank for a list of customers investing money in Luxembourg, tax investigators said up to 2,000 clients of the bank were being investigated for possible offences.

A prosecutor in Düsseldorf also said investigations had ers of Dresdner Bank for possi-ble tax evasion. Dresdner has repeated its objections to the way the matter was being han-

The cases, like those at several other German and foreign banks which have been visited by tax officials, centre on the 30 per cent withholding tax levied by the German government on investment income

and attempts by private inves-tors to avoid paying this.

It is not illegal for people to invest money abroad, but the earnings on such investment must be declared for tax.

At a time when German taxes are high to meet the cost of reunification, the subject of tax evasion bas become

The case of Steffi Graf, the tennis star, has highlighted the issue even more. Her father is in jail while allegations of tax evasion on ber earnings are investigated and she has also been questioned.
The Opel car company is ending a lucrative sponsorship
deal with her.

In the case of the banks whose customers are being investigated, authorities are keen to know whether the banks themselves advised that funds be sent to Luxembourg to evade tax.

Banks bave denied they gave encouragement in this way. Dresdner said almost everyone who invested money in Luxembourg now fell under official suspicion of tax evasion. adding that active help for tax evasion had apparently been proved against none of its

Commerzbank is taking legal action over a list of customers handed by prosecutors to the tax authorities after the failed hlackmailer, who had demanded DM5m (\$8.5m), was arrested this summer.

It contains names, account numbers and sums invested, though no addresses, of 1,600 clients at Commerzbank International in Luxembourg.

#### **NEWS:** EUROPE



stitution specifically names the justice minister as having inde-

pendent functions of inspection the main source of the move to dethrone Mr Mancuso. The government yesterday said these provisions referred exclusively to the justice minister's powers over the higher magistrates council, the governing body of the magistrature, and not in relation to the prime

minister. Ironically among the loudest support for Mr Mancuso yesterday came from the ranks of Mr Silvio Berlusconi's Forza Italia senators.

Mr Berlusconi has been one of the strongest critics of the weak powers available to the prime minister and wants to introduce a presidential system of government.

# Angry Swiss ready for change

But not as early as in Sunday's election, writes Ian Rodger

or once, passions are running high among Swiss voters in the run-up to Sunday's parliamen-

Up and down the country, in television studios and town halls, everyone is arguing heatedly over important and deeply divisive issues, such as European integration, immigration, welfare spending and drug addiction.

One right-wing party cam-paigning to tighten restrictions on immigration has even published a list of the nationalities of the prisoners in a Zurich jail. Recent posters of an anti-EU party featured an EU labelled boot, reminiscent of the Nazi boot posters of 50 years ego, stamping on Swiss democratic rights.

But the prospect is neverthe-less for very little change in the composition of the 246member parliament and, as a result, none at all in the carefully balanced make-up of the seven-person governing federal council. It is even unlikely that majority of adult Swiss will bother to vote in the fouryearly democratic exercise. They have not since 1975. This paradox arises partly

from Switzerland's peculiar democratic processes and its prosperity.

The people know that regardless of what the government and parliament decide on any given issue, they can call for a referendum and reverse the decision. In the past four years, government proposals on momentous issues have been vetoed four times

refused to join the European Economic Area (ERA), e half-

In December 1992 the people

the 200 seats in the lower house and the four parties that belong to the governing coali-tion took 146 seats. Recent opinion polls suggest

very little change in this composition will occur as a result of Sunday'e voting. The left-wing Social Democratic party and the right-wing Swiss People's party may pick np one

A campaign poster for an anti-EU party shows a Nazi-style boot stamping on Swiss democratic rights

way house to European Union membership. Last year voters forced the government against its will to ban lorry transit traffic through the Alps; and they refused to authorise the use of Swiss soldiers as United Nations peacekeepers.

Last spring they rejected the the government's plan to ease restrictions on property ownership by foreigners.

This does not mean that the government and parliament are irrelevant. Their composi tion reflects the interests of the country's diverse linguistic, religious and political interests and, on most issues, they succeed in balancing those interests. In the 1991 elections, the or two additional seats apiece at the expense of the two centrist parties. But if the increased polarisation of Swiss opinion persists, more substan-tial and disruptive change could come in future elections.

The Radical Democratic party, one of the two centrist groupings feeling the squeeze from the polarisation, tried unsuccessfully three weeks ago to break the so-called magic formula for maintaining balance in the federal council.

When the Social Democrat finance minister, Mr Otto Stich, resigned, the Radical Democrats tried to muster support to replace him with one of their members. Although they failed, they will undoubtedly continue their campaign to push the Social Democrats out

of the governing coalition.

Meanwhile, the French speaking community, which is strongly in favour of European integration, has become more and more disheartened by see-ing itself out-voted by the German-speaking majority on European issues. Unless the German-speaking community changes its view - and there is no sign of significant change since the 1992 vote - then politics in French-speaking Switzerland could easily take on a more nationalistic tone.

If a nationalist political force, such as the Lega Ticinese in the Italian part of Switzerland, emerged in the French-speaking cantons, it could undermine the domi-nance of the coalition parties.

But Swiss who are dissatisfied with the status quo, for whatever reason, still have a hard time winning much sup-port. The country's economy has not grown rapidly since the fateful vote to eschew European integration, but it

has not noticeably been hurt. The 4 per cent unemploy ment rate is high by Swiss standards but among the lowest in western Europe. And the Swiss franc is the world's

#### **ADVERTISEMENT**



Taiwanese stocks offer attractive buying opportunities at their current levels, according to Kwang **Hua Securities** Investment & Trust Co, Taiwan's biggest fund Tan Song Wee - Director of Kwang Hua management company.

Director Mr Tan Song Wee says that around 5,000 points, the Taiwan Stock Exchange Weighted Index is near its 10 year support level and due for some upward movement.

"Earnings growth is running at 23 per cent and the market is selling at 17 times 1995 earnings. It is an excellent buy." The group believes there would be strong government support for

the market at around the 4,500 point level. The Kwang Hua group is a joint venture between the Reuntex group of Taiwan and several international shareholders including

As at the end of 1994, with about US\$2 billion under management, Kwang Hua has an 18 per cent share of the fund management market in Taiwan, which is exclusively serviced by Securities Investment Trust Companies.

Established in 1985, Kwang Hua employs 83 people including some 20 directly involved in day to day fund management and research. In addition to the 10 funds it manages for Taiwanese investors, Kwang Hua has two funds which can accept funds from foreigners the Formosa Fund and Formosa Growth Fund.

Taiwan's economic fundamentals are solid and suggest a higher valuation is appropriate for local stocks, according Mr Tan.

Inflation is below 4 per cent and gross domestic product is estimated to be growing at about 6.5 per cent this year, the same as

Domestic interest rates are in a down trend and the economy is expected to be strongly stimulated over the next few years as a result of Taiwan's entry to the World Trade Organization.

Exports to the People's Republic of China continue to grow, accounting for 12 per cent of China's total imports last year, up from just six per cent in 1991.

Taiwan's power house economy is driven by companies whose stocks are now good value for money, according to Vincent Ho, the manager of the Formosa Fund.

"With the relaxation of the foreign investment limits, a lot of money will flow to electronic stocks. We also like the plastics, chemicals

Taiwanese companies are dominant in the production of computer products which are in short supply around the world. They make 80 per cent of the world's mother boards and mouses and 60 per cent of monitor screens.

Japanese investors are leading the push of foreign direct investment into Taiwan's booming electronics sector.

The strong yen has encouraged them to set up Original Equipment Manufacturing factories in Taiwan, notably at the Hsin Chu high technology park outside Taipei.

This activity by the Japanese has led to a surge in exports, led by electronic products.

Both the group's funds have significantly out performed the Taiwan Stock Exchange Weighted index.

The Formosa Fund has achieved a 642 per cent return since it was set up in 1986. During the same period, the overall market index rose by 400 per cent.

### The smaller Formosa Growth Fund has risen by 17.34 per cent since

its formation in 1990, during which period the market rose by about The US\$350 million Formosa Fund is a fully issued open ended

fund listed in London, while the closed Formosa Growth Fund, with US\$250 million, is listed in Hong Kong.

Both funds are denominated in US dollars and are 90 per cent invested in equities with a small cash and bonds component.

The funds are well diversified within the Taiwan stock market.

As at the end of August this year, both funds had about 30 per cent of their assets in the electronics and machinery sectors and 20 per cent in financial stocks.

Each had a further 16 per cent of their assets in the plastics, chemicals and textiles sectors.

The biggest single investment of both funds was a five per cent holding in the Acer computer group, with slightly smaller holdings in United Micro.

The top ten share investments of the Formosa Fund accounted for 32.47 per cent of its total assets and the corresponding figure for the Growth Fund was 40.44 per cent.

Taiwan's fund management industry is overseen by the Taiwan Securities Exchange Commission (SEC), Groups wanting to set up Securities Investment Trust Funds must first seek approval from the

Issues are by way of beneficiary certificates, whether to locals or foreigners, and the funds raised are kept in an exclusive account monitored by a custodian bank.

In the case of the Formosa Fund and Formosa Growth Fund, the custodian is Taipei Bank.

Foreign funds are moving strongly into Taiwan as restrictions on foreign investment continue to be lifted. Since 1991 there has been a net capital inflow of about US\$5.2 billion.

Mr Tan notes that foreigners, who have shown good investment judgment in Taiwan in the past, have been particularly active in buying Taiwanese stocks over the past few months.

Kwang Hua's shareholders include several internationally known groups. Aetna Investment Management has a 14 per cent stake. Others include Interallianz Bank, HG Asia, Govett Oriental Investment Trust, Hambro Pacific, MNOPF Trustees and Nippon Credit International. These foreign groups are represented on the Kwang Hua board.

In 1994, Kwang Hua became the first Taiwanese securities company to set up an overseas branch when it opened an office in Hong Kong to service investors looking for opportunities in the Taiwan stock market. Chairman Pen-Tsao Chang said the move was just the first step in a long term strategy of internationalising the company. "It will provide us with the experience we need to expand in other

Strained relations between Taiwan and China have weakened sentiment on the Taiwan stock market recently and led to some flight by locals.

major international markets," he said.

Kwang Hua believes the market will bounce strongly when the cross-strait relationship becomes more positive, but it has warned that if it does not, the economy could suffer.

"Such facts should not be taken lightly by the government," Kwang Hua said in a recent report.

However, while investors were shaken by the down turn in diplomatic relations between the two countries, there was no significant impact on trade between the two neighbours and foreign capital has continued to move into Taiwan.

In March next year, Taiwan will have its first presidential elections, which will have a positive effect on stability, according to Kwang

Recent polls indicate support for incumbent President Lee Teng Hui and his running mate Premier Lien Chen.

Chris Chapel, Freelance journalist based in Hong Kong.

# Ambitious Zanzibar tempted by secession

A nascent economic boom is straining ties with the mainland, writes Michela Wrong

anzanians are fond of Salum Ali, the finance miniscomparing relations between their mainland and the small islands of Zanzihar to a marriage. Such e unioo, they argue, oeeds understanding and give-and-take to work. But a wilful Zanzibar appears to have grown tired of her dour larger part-ner, and it is oot another suitor that is enticing her away. It is the gleam of poten-

After decades of grinding poverty, prosperity ooce again beckons for the legendary spice islands, one of Africa's richest nations hefore It was swallowed up hy Tanganyika in 1964. That prospect, as much as the resentment generated by years of suppressed oational ideotity, threatens to sabotage

the 31-year union.
in what are expected to be closely cootested presidential and legislative elections oo Sunday, their first multi-party polls, Zanzibaris will decide whether to stay with the union and an improving status quo, or loosen the ties with the mainland and risk creating a powerful enemy.

Underpinning the debate is the islands' extraordinary transformation since Tanzania turned its back oo former presidenl Julius Nyerere's disastrous economic policles.

Encouraged by lax inceotives offered by the local government - including the creatioo of two free ecocomic zooes and plans for a free port - Italian, South African and other foreign investors bave noured into the tourism sector, which has now replaced the clove industry as main foreign

curreocy earner. Decaying Arab palazzos are being turned Into five-star lodgings to steal trade from the dreary Soviet-style government botels. Chic galleries selling designer wear now compete with T-shirt shops for backpackers. Tourist numbers, hardly 30,000 five years ago.

should touch 100,000 this year. "In 1990 ecocomic growth was minus 3 per cent, now il is ter. "We hope it will reach 8 per cent in the next five years." Others talk of turning Zanzibar into the next Singapore, Mauritius or Hong Kong. With so much more at stake,

the link with the mainland

seems increasingly irksome. Ever since Zanzihar was united with Tanganyika after a anti-Arab uprising that left 17,000 dead, many islanders have suspected they got a raw deal. The subsequent union agreement gave Zanzibar its own president, legislature and limited powers, but left ambi-

Under the deal, for example,

guities opeo to exploitation.

**TANZANIA** ZANJBAR



oil is defined as a union matter, which means Zanzibar's recent oil discoveries would have to be shared. But gold, which is found on the mainland, does oot eojoy the same classification. As for donor aid. Zanzibaris believe most of that has passed them hy. "Nyerere was very cunning.

As the years go by most important affairs have been moved to the mainland," said Mr Seif Sbarlf Hamad, presidential candidate for the oppositioo Civic United Front (CUF). "Zanzihar has suffered enormously. So we want to renegotiate the terms of the union."

The CUF is lobbying for a new arrangement with three parliaments, one giving Zanzibar a greater level of financial autonomy than it enjoys today, 4.5 per cent," said Mrs Amina one for the mainland and one

dealing with federal affairs. lts opponents in the ruling Chama Cha Mapinduzi (CCM), which is hoping to see President Salmin Amour returned to power, insist that the CUF's

secret aim is independence. The people talking about increased autonomy are not interested in the union," said Mr Ali Ameir Mohamed, CCM deputy secretary-geoeral. What they really want is

As campaigning has revealed the level of popularity enjoyed by the CUF among Zanzihar's 350,000 voters, the ruling party has hurled more damaging accusations, claiming the CUF is an Islamic party with a fundamentalist ageoda, funded by Arah exiles in Oman, Duhai and Saudi Arabia and determined to win the land lost to indigeoous Africans in the

"If the CUF wins the electioos the situatioo will he uomanageahle." said Mrs Amina. "Indigenous Zanziharis will never sit quietly and agree to be governed by the people they kicked out in 1964. If they win I give them two years at

The fact that talk of "indigeoous" and "non-indigenous" Zanziharis, suppressed under the anti-tribalist Mr Nyerere, is once again fuelling political debate oo the islands worries those who lived through the borrors of the 1960s.

"I had hoped that 30 years after the revolution a certain cohesion had developed, but I've been proved wroog," said Professor Harouh Othman, a university lecturer in development, "We've gone back 30 years as far as ethnic tensions are coocerned." Ironically, a political dehate

fuelled in part by a nascent economic boom is already damaging the ardently desired recovery. Expectations of elec-tion day violeoce have hit tour hookings, usually at their peak at this time of the year. The main port, normally a husy lboroughfare for Arab dhows, hydrofoils and cargo ships. bas

Semiconductor makers opt to chip in Louise Kehoe and Paul Taylor on overcoming the costs of designing complex chips

world's largest semiconductor manufacturers are considering a plan jointly to develop the next generation of memory chips highlights the risks and costs associated with designing the complex semiconductor devices that will drive the electronics industry into the 21st

century International Business Machioes, Toshiba, Siemens and Motorola confirmed yesterday that they are discussing a joint development project aimed at huilding a 1-gigabit dynamic random access mem-

These memory chips, capable of storing vast amounts of information, are expected to begin appearing soon after the turn of the century in multimedia and other products.

If the four go ahead with the joint project, it will represent a significant extension of the string of design and development alliances that have come to characterise a semiconductor industry faced with sharply

It oeed oot, however, mean that the partners will jointly 15 per cent and 20 per cent

The disclosure that four of the make the devices, even though there is an increasing number of semi-conductor manufacturing joint ventures.

Siemens, the German electronics group, and IRM formed their first joint venture to develop 64Mb D-Ram chips in July 1991. A year later the partoership was expanded to inclode Toshiba, the Japanese group, and was extended to cover the development of 256Mb D-Rams.

At that stage the partners estimated the costs of the 256Mb project - based at the Advanced Semicondoctor Technology Ceotre in East Pishkill, New York - would cost about \$1ho, split three

The 256Mb project, which involved about 100 engineers, is reported to have run smoothly and the three partners presented the first fully functioning chips in June.

However, the proposed new project represents another order of magnitude in terms of both cost and complexity. So far each new generation of D-Ram chips has cost between



more to build than its prede-cessor. Moving from 256Mb to 1Gb could involve a much

steeper increase The bulk of D-Ram production today is focused on 4Mb and 16Mb devices which involves designing and building chips with silicoo struc-

sandths of a mm (microns). But to squeeze all the circuitry needed for a 1Gb chip on to a 500sq mm of silicon will require reducing the size of the

anxious to expend its presence in the D-Ram market while the huge costs involved in developing advanced semiconductors and the increasing complexity of the technology make it ettractive for the other menbers of the IBM. Toshiba and Siemens alliance to welcome a structures to 0.18 microns. At the same time, the manufacturnew partner.

High tech stocks surge, Page 19 ing process will have to

achieve an unprecedented level of perfection - less than the defects per sq cm.

For these reasons, designing

a 1Gb chip is likely to tak

years and the first commercial

chips are unlikely to appear

Although Motorola is a lead-

ing manufacturer of sentions

ductors, it has less than a 5 per

cent share of the fast-growing

worldwide market for D Rame

venture with Toshiba called

Tohuku, in Sendai, Japan The global D-Ram market will be worth about \$25kn 25%.

year according to Integrated Circuit Engineering, a US mar-

ket research group, and by 1999 is expected to grow to almost

Motorola is understood to be

through a joint manufaction

before 2001 at the earliest

# Lebanese president given three more years



Hrawi: "extension for the

By Rouia Khalaf, Middle East

The Lehanese parliament yesterday passed a constitu-tional amendment allowing a three-year extension of President Elias Hrawi's six-year term without fresh elections. The president is elected by par-

The extensioo ensures that the government of Mr Rafiq Hariri, the hillionaire prime minister and architect of the country's \$30bo reconstruction programme, will also remain in

The country's Christian leaders complain that it bodes ill for Lebanese democracy. It should, however, increase confidence in the economy hy maintaining the stability of the Lebanese pound. "An extension for Hrawi is an extension of the stability of the pound," a Beirut banker said yesterday. Since Mr Hariri was

1992, he has boosted confidence in the country and attracted investment. That confidence. however, remains tightly linked to Mr Hariri's leader-

Every time Mr Hariri threatens to resign - and he has on several occasions - the Lebanese rush to shift their funds into dollars, fuelling a run oo the pound.

The vote on the amendment, which means scrapping the presidential elections planned for this year, follows a decision taken in Damascus, the main power broker in Lebanon, to maintain the status quo in Lebanon while peace talks with Israel remain stalled.

Although only last May, the 125-member parliament, led by Mr Nabih Berri, a rival of Mr Hariri, was against the amendment, most of the deputies quickly fell in line when Syrian President Hafez al Assad hlessed the move last week. Mr appointed prime minister in Hrawi yesterday won backing

from 110 out of the 121 parliament members present to extend his term, which expires on November 24.

Lebanon's Christian community, which has been gradually sidelined since the end of the civil war in 1991, has reacted angrily to efforts to keep Mr Hrawi in office. "Whet legal guarantees remain for the Lebanese citi-

zen since his constitution can be amended any moment so easily, with an outside decision and against the opinion and the will of the Lebanese people who have been sidelined?" said Maronite Patriarch Nasrallah Boutros Sfeir, the most respected volce of the fragmented Christian community, in his Sunday sermon. "Isn't all this an indicator that the

democratic system is dying?" Since Syria would play a central role in deciding on a new president in the event of elections - a majority of deputies in parliament are pro-Syrian -

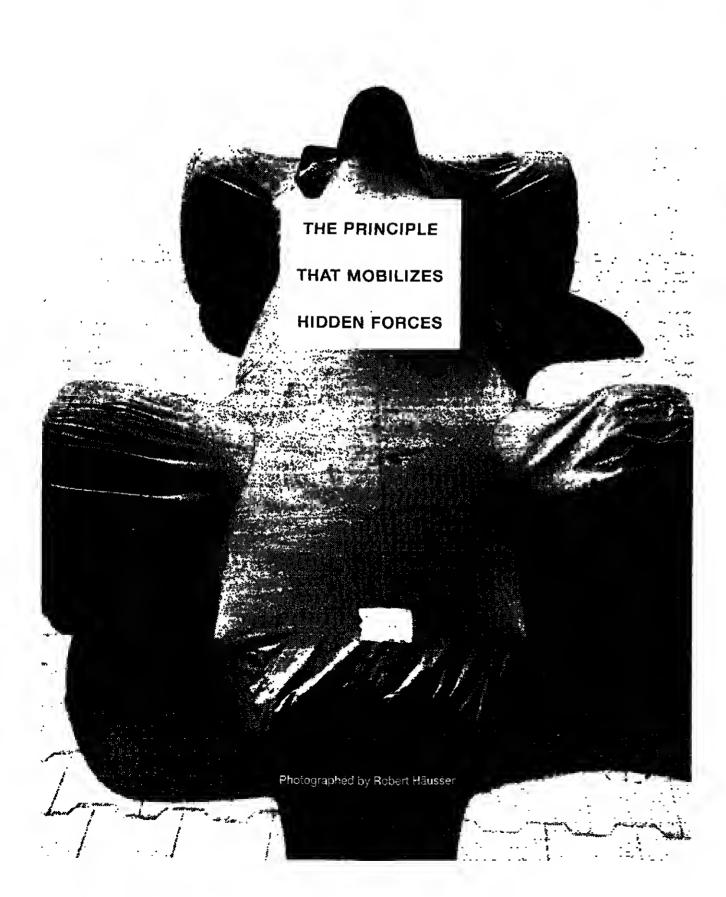
extending Mr Hrawi's term or electing a new pro-Syrian pres-ident should make little effec-

tive difference. The issue, however, occur Lebanese political circles all year and created considerable uncertainty which put pressure on the Lebanese pound. Central bank intervention in its support led to an erosion of ... net foreign exchange reserves

this year According to Lebanon's Banque Audi, excluding commercial banks' foreignexchange deposits and a \$300m Eurobond issue, this year. reserves dropped from \$2.7bn et the beginning of the year to-\$1.3bm at the end of September, hefore moving back up to \$1.6bn by mid-October.

According to bankers, a factor behind the recent pick-up has been the rising expectation, fueled by Syrian and Leb-anese officials' hints, that the Hrawi-Hariri team would stay

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# House test in battle on Medicare

By George Graham in Washington

The same of the sa

Sweeping changes to the Medicare programme providing health insurance for the elderly headed for a vote in the House of Representatives yes-terday after a last-minute frenzy of political argument, name-calling and backroom dealmaking.

Republican leaders said they were confident of winning the vote, but were still battling to ensure the support of a handful of disgruntled members.

They also had to fend off a barrage of criticism from opposition Democrats, who said the bill, which aims to cut Medicare spending from its projected path by \$270bn over the next seven years, would barm

President Bill Clinton said the cuts would "eviscerate the health care system for our older Americans. I will not let yon destroy Medicare. I will veto this bill," he said.

Mr Clinton opened the way for compromise, bowever, by accepting for the first time that it was possible to reduce the budget deficit to zero in seven years - the basic premise of the Republican plan. He also said his own plan for balancing the budget would bring the deficit to zero in nine years, not 10 as he originally said, because of improvements in the econ-

The worst worry for Mr Newt Gingrich, the Republican speaker, was the last minute qualms of some of his own party - especially a group of 18 members led by Congressman Greg Ganske, a plastic surgeon from Iowa, who complain that the bill's formula for Medicare payments would harm rural

If all 18 stuck to their threat to join the 199 Democrats in voting against the bill, Mr Gingrich's majority would disv appear. Mr Gingrich dismissed their objections as "Christmas

"Any time you are in the last 48 hours before a major vote, 17 people ahow up who sud-denly figure out you need their vote, and they have this one thing they haven't gotten yet."

In a preliminary vote yesterday morning on the rules for debate on the Medicare bill, the Republicans suffered only one defection, offset by one Democratic vote.

Even a defeat on the House floor would not mean the end of the Medicare reform bill. Yesterday's vote was largely symbolic since the measure is expected to be rolled into the broader reconciliation bill. which also incorporates tax cuts and a host of other spending reductions and which Republicans bope to complete next month.

But Mr Clinton yesterday threatened to veto the reconciliation bill, too, complaining of its "extreme spending cuts and buge tax cuts."

The reconciliation bill, meanwhile, is tied up with wrangling over legislation to increase the legal ceiling on US government debt from its current level of \$4,900bn, which is likely to be hit in early Novem-

Mr Mike McCurry, the White House spokesman, said yesterday that the administration was finding it hard to negotiate on the debt ceiling because the Republicans were "flopping around like fish."

Mr Gingrich and Senator Robert Dole, the Republican leader in the Senate, met on Wednesday evening with Mr Alan Greenspan, the chairman of the Federal Reserve. The White House was hopeful that Mr Greenspan would persuade the Republican leaders not to run the risk of a US government default by using the debt ceiling as a bargaining chip.

"My guess is Alan Green span, at least, was able to get some sense through otherwise thick skulls," Mr McCurry

### **US** home starts are still strong

Construction starts on new homes and apartments fell slightly in September, the US Commerce Department said yesterday, a second straight monthly decline that still left bnilding activity at a relatively high level. Renter

reports from Washington. Total starts were down 0.1 per cent to a seasonally-adjusted annual 1.39m following a revised 2.8 per cent drop in Angust. Previously, the department said starts rose 0.6 per cent in August to a rate of

The department also revised July starts to show a big 10.3 cent rise to 1.43m instead of a 7.1 per cent gain. "The housing market is taking a breather after the rigorous pace seen earlier," Mr Kevin Flanagan, economist at Dean Witter Reynolds, said. Despite the easing in Sep-

tember, cheaper interest rates seem to have spurred a stronger trend in bousing activity as the year wears on. Thirdquarter bnilding starts were running at about 1.4m annually, up from 1.28m in the second quarter. Moderate eco-nomic growth, with little or no inflation, has fostered revival in housing, as interest rates have remained favourable for the past few months.

# LA cops clean up city's streets Police get \$600,000 extra to tackle recyclable waste thieves, says Christopher Parkes be Los Angeles Police Department bas been

**NEWS:** THE AMERICAS

recruited by the city sanitation bureau to protect residents' old newspapers, cans and bottles from the ravages of organised scavengers. An estimated \$2m of recyclable waste a year is stolen from under the noses of the official garbage

Under a scheme approved this week, the sanitation office will recycle some \$600,000 a year of its income from sales of recyclable waste into overtime payments for police who will patrol the streets during the night and early morning hours on the look-out for the thieves.

"Since the increase in waste paper prices we have been losing about two-thirds of our newspapers and half our income," said Mr David Mays, recycling apokesman for the sanitation bureau.

Although the price of old newsprint is down to around \$100 a tonne, well off the \$200 peaks which first attracted commercial-scale scavengers last year, unanthorised collection is still attractive.

Although more troublesome and noisy to collect, and therefore more likely to attract unwelcome attention from patrolling officers or irritate residents, aluminium cans are also valuable.

The scheme has the merits of being both fiscally and environmentally sound as well as providing incidental extra security by virtne of the residential areas. It is to be introduced following a successful \$15,000 pilot operation in

As the policemen impounded trucks, doled out tickets and made a handful of arrests, the volume of recyclable materials picked up by the official collectors increased 30 per cent in the trial area. Volumes decreased in nelgbbouring streets as the scavengers moved on but council member Ms Laura Chick who promoted

the pilot was not discouraged. While income is valuable to the cash-strapped authority, Ms Chick was concerned that LA's official recycling effort launched five years ago to meet the demands of a state law that Californian cities must cut the volume of garbage consigned to landfill sites by 25 per cent - should not lose popular support.

According to Mr Mays, the city is ahead of the game. Thanks to the recycling effort and the introduction of green bins for compostable garden waste following a ban on air-polluting garden bonfires, the volume of solid waste sent to



VERNON'S WORKING UNDERCOVER FOR THE LAPD."

bage cans is 30 per cent less than in 1990.

The challenge now is to match the requirements of stage two of state regulations which limit land-fill dumping to 50 per cent of 1990 levels. Although most LA residents still readily sort paper, plastics and cans into green, yellow

and red kerbside roadside containers, some people in the areas where the scheme was first introduced have stopped taking the trouble. This is partly due to the extra effort required, but mainly because they realised they were attracting unknown night-time visitors into their neighbourboods.

fines and even prison for theft (once bousehold waste is deposited in official containers it becomes city property) typically comprise four of five men or boys who either load a coasting pick-up truck as they run alongside, or collect indi-vidually on foot or bicycle. shuttling between residential streets and a "base" truck parked discreetly out of sight. Police reports show they do tions from official garbage col-

According to Mr Mays, the sanitation department gave full backing to Ms Chick's ini-tiative mainly because of concern over falling participation. About 40 years elapaed before environmental awareness was restored following the last occasion Los Angelenos lost their taste for recycling. That was in the 1950s when, as well as sorting out paper, glass and metal, residents were espe-cially resentful of the need to

lectors or resident

separate food scraps for the pig awill roundsmen. Mr Sam Yorty, who became known as "Commingling Sam" was elected mayor partly on the strength of his promise that voters would be able to throw all waste into one dustbin which would then be disposed of in the then-

# Cavallo sees more

Mr Domingo Cavallo, Argentina's economy minister faces further bitter conflict with Congress after the passage of a presidential decree that runs roughshod over congressional legislation on intel-

Argentina's pharmaceutical market is worth \$3hn a year.

Mr Cavallo has argued consistently that the law passed by Congress earlier this year

reacted angrily to the move. which they said "snbstantially" changed the legislation they had passed. Mr Humberto Roggero, president of the

House of Deputies, said there was a "very good chance" Con-gress would vato it. Some congressmen were considering asking the courts to declare the decree unconstitutional, he

"Wa are very angry at the lack of respect for our demo-cratic institutions," said Mr Roggero, who placed the blame for the decree squarely on the shoulders of the economy minister. Mr Cavallo, whose economic reforms and combative style bave often alienated congressmen, has had several run-ins with Congress.

Argument over intellectual property rights centres on the ohase in period for the new leeislation, as well as on the circumstances under which "compulsory beences" can be issued without the consent of the patent-bolder.

Congress, which originally demanded a 10-year phase-in period, this month agreed to cut this to five years. According to Mr Roggero, the decree "effectively wipes out" tha transition period. "It obliges companies to pay royalties not only on new products but also

# pain on patents

in Buenos Aires

lectual property rights. The decree, issued on this week by President Carlos Menem at the request of Mr Cavallo, will make it much harder for Argentine companies to copy products, especially pharmaceuticals, without paying royalties.

was not up to international standards. The US government, which has pressured Argentina to pass a tough patents law, is understood to be delighted with the new

# Congressmen yesterday

Senate Cuba bill

### is watered down By George Graham

The Senate yesterday prepared to pass legislation tightening the US embargo against Cuba. but only after gutting the bill of most of its toughest mea-

Democrats agreed to abandon a filibuster when the bill's chief sponsor, Senator Jesse Helms of North Carolina, admitted defeat and agreed to drop a provision that would have allowed lawsuits to be filed in the US against anyone handling expropriated property

in Cuba. The administration and Senate Democrats argued that this could clog an already overburdened federal court system with 430,000 new suits, besides aggravating relations with

third countries. Many of the other measures in the bill had already been removed, including a provision requiring the State Department

to deny visas to any foreigner who bandles property confiscated from US citizens. A ban on imports of sugar from any country that bas itself imported Cuban sugar had also been watered down.

The chief measures left in the bill set out steps for helping a transition government in the event that the government

"The one thing that remains is not really a clnb against Cuba but maybe a carrot to let Cubans know that if there is a transition, there will be belp available," said one ana-

The House of Representatives last month voted for a much tougbar set of Cuban embargo measures, and some proponents of tougher sanctions against the Castro regime still hope to stiffen the bill in negotiations to reconcile the two chambers' versions.

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Seoul urged

by OECD to

# Creditors pressed on Japan bank debts

By Gerard Baker in Tokyo

The first clear evidence of likely international fallout from Japan's banking crisis emerged yesterday when the country's financial authorities confirmed they were asking foreign creditors of a failed bank to write off a proportion of their loans.

The news came as the "Japan premium", the extra interest charged to Japanese banks' borrowings in international markets, edged up to a

The finance ministry said

overseas holders of subordi- bled Japanese banking sector, nated debentures in Hyogo Bank, which collapsed in August, would be asked to write off 40 per cent of their claims on the bank.

Hyogo had more than \$150m (£95m) worth of such deht outstanding, issued through its overseas branches.

If foreign creditors accept the request, it will mark the first time international leoders have lost money because of a banking failure in Japan. It seems certain to increase nervousness about the risks associated with lending to the trouwhich has recorded three failures in the past three months. A subordinated debenture is a bond repayable only after all

other debts in a bankrupt institution have been repaid. Hyogo Bank began to issue dollarbased sobordinated debentures with a maturity of 10 years in 1991 in an effort to raise its capital adequacy ratios.

The authorities are also requesting domestic bond holders to write off the same proportion of the value of their debentures, officials said. Hyogo Bank collapsed two months ago with total had debts of an estimated Y800bn (£5bn). The ministry of finance has repeatedly said domestic depositors in failed institutions would be fully reimbursed. It has also said normal interbank

lending would be protected. But other liabilities, such as longer-term debts, bonds and debentures are vulnerable, and this has foreign bankers worried. The news that Hyogo Bank's failure could cost overseas investors up to \$60m will increase their concerns.

request. Hyogo Bank is not yet technically bankrupt and some bond-holders may be reluctant to give up their creditors

Japanese banks' continuing problems were highlighted again as the Japan premium rate reached 0.31 percentage points over interbank offered rates in London for even the strongest banks. Weaker banks now face a premium of up to 0.4 percentage points.

But the country's leading financial official tried to play The finance ministry may down the significance of the face a legal challenge to its premium. Mr Kyosuke Shinozsaid yesterday. "The country's banks are not in a state that would immediately lead to significant problems in their sec-

uring liquidity". Mr Shinozawa refused to confirm or deny reports the authorities had enlisted the support of the US Federal Reserve in providing emergency lines of credit to banks, but said: The finance ministry and the US financial authorities are maintaining close consultations in a timely and appropriate manner"

A survey mission from the Organisation for Economic Co-operation and Development has told South Korea it must do more in removing barriers on capital movements and invisible trada if it wants to join the group of advanced industrial nations by next

The OECD mission, which has just completed a study trip to Korea, said the country's five-year financial reform programme was "well thought-out but needs to be speedier", according to the Ministry of Finance and Economy in

The biggest concern was raised over restrictions on capital movements, which include foreign direct investments, property transactions and the opening of financial markets to international investors. Korea meets only 12 of the OECD'a 91

The 18-member delegation from the OECD Secretariat raised the possibility that Korea's application might be blocked by member states "unless significant improvements are made" in capital movements.

It recommended a significant increase in the foreign shareholding limit in a listed company beyond the present 15 per cent, the easing of rules on takeovers of Korean companies by foreigners, and a wider opening of the bond market to

overseas investors. Korea argues that it must pursue a gradual liberalisation

speed reforms of capital movements because of concerns that a rapid inflow of overseas funds. attracted by the country's high interest rates, would destabilise the economy by increasing the money supply and inflation and cause the Korean currency

to appreciate.
But the OECD group disagreed with this ass and suggested such fears were

Korea also falls short of meeting requirements on invisible trade, having fulfilled 20 of the 57 OECD liberalisation codes in this area.

The delegation expressed reservations about the extent of the opening in the insurance

It remains uncertain how Korea will respond to the OECD's recommandations. Seoul is seeking exemptions from some requirements, with the promise that they will be met later.

Bnt some OECD members are believed to be demanding that Korea should fulfil significant portions of the group's codes before being allowed to ioin because of Seoul'a record in delaying or reversing liberalisation measures.

Mr Robert Rnbin, the US treasury secretary, said last week that OECD entry requirements cannot be specially eased for Korea.

Mr Hong Jae-hyong, the finance and economy minister, recently suggested that Korea may be forced to delay its scheduled OECD membership beyond 1996. See survey: Sooth Korea:

# Fed denies discussing Daiwa trader at meeting

By Richard Waters in New York

Mr William McDnnongb, president of the Federal eserve Bank of New York. discussed internal control weaknesses at Daiwa's New York branch with a senior official of the Japanese bank two years ago, the Fed said yester-

Hnwever, Mr McDonnngb

denied a report that the meet-ing had included a discussion out Mr Toshihide Iguchi, the Daiwa trader whn last month was revealed to have hidden losses of \$1.1bn (£700m) sustained nver more than a

The revelation that Mr McDonough talked personally with Daiwa about its control

ment over the scandal Representative Jim Leach, chairman of tha House banking committee, has criticised the US regulators for their failure to uncover the massive fraud in the bank's New York branch in its regular examinations, and for failing to follow np on concerns it bad expressed about the bank's

The New York Fed called the

meeting, which took place on October 4, 1993, as a "courtesy visit" between Mr McDonough and Mr Takesbi Ohta, then bead of Daiwa's international division. The two met after that year's World Bank meeting in Washington in one of a number of informal meetings with foreign bankers that Mr McDonough beld at that time, the Fed said.

No notes were taken by

Patten is left friendless in HK

Human rights issue isolates governor, writes Simon Holberton

ever, a Fed spokesman said both Mr McDonough and Mr Obta recalled discussing the bank's internal control weaknesses, which bad come to light in the Fed's first examination of the bank the previ-ous November. The New York Fed added that it bad been assured by Mr Obta personally yesterday that Mr Iguchi was not discussed at the meeting.

The Fed said last month that it bad asked Daiwa to the Fed officials present. Howmake some changes in its conand 1993 examinations, and that the Japanese bank bad said it had complied with the request. It bas emerged, though, that Mr Iguchi continned both to trade and settle bond transactions for the bank, contrary to the Fed's

# Top Manila hotel sell-off frozen

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estrial base that's biased to technology

By Edward Luce in Manila

The Philippine supreme court issued an order yesterday to freeze privatisation of the historic Manila Hotel at the request of a losing bidder.

The ruling is the latest in a series of judicial decisions which have halted large private contracts, to the concern of foreign executives.

"It seems virtually every major project undertaken in the Philippines is delayed or completely derailed by disgruntled losers or vested interests." said Mr Peter Wallace, president of AYC Consultants, a consultant group for foreign companies, in Manila yester-

The restraining order on the Manila Hotel, beadquarters of General Douglas MacArthur before and after the second world war, was based on a con-

tested law which implies Philippine companies should be given priority over foreign companies in privatisation contracts. It comes a month after ITT Sheraton and Renong Berhad, a Malaysian group, paid 673m pesos (£16.5m) for a 51

third in the bidding. Earlier this year the supreme court held up a 15km light railway mass transit scheme, intended to ease Manila's traffic problems, owing to complaints that the rail consortium was foreign majority-owned. The govern-ment has also been criticised for cancelling the first round of bidding in April for a gas-fired power station in Batangas. south of Manila, owing to the winning bidder's alleged links to Westinghouse of the US.

ben Mr Chris Patten, Hong Koog's governor, quipped last week that be assumed China was interested in winning Hong Kong's hearts and minds "not just taking over per cent stake in the botel. The the real estate" in 1997, petition was launched by the Manila Prince Hotel group, most people thought be was making one of his not very diplomatic jokes at the expense of Beiling. But the recommendation to the Chinese government this week by the Preliminary Work-

ing Committee (PWC), an appointed group of Communist party officials and wealthy Hong Kong citizens, that the colony's Bill of Rights, an important guarantee of civil liberties now and after 1997. be watered down bas given a certain less than bumorous polgnancy to Mr Patten's

On Tuesday the PWC recommended that the Bill of Rights either be scrapped or amended to remove its power of precedence over other Hong Kong laws. It also recommended reversing recent amendments to Hong Kong's laws which It trative power and have had an adverse effect on the maintenance of social stability". This was followed on

Wednesday by Mr Jiang

Enzhu, China's vice-foreign

minister, who said that Hong

Kong's democratic rights

would be protected by the Basic Law, Hong Kong's post-1997 constitution. "All other laws have to abide by it," be The Bill of Rights was one of three elements in an ad hoc package the Hong Kong and British governments devised to shore up confidence in the colony after the massacre in June 1989 of Tiananmen square demonstrators. The other two were

a multi-billion dollar airport

and related facilities, and a

scheme to give British nation-



Patten: marginalised

ality to 50,000 beads of household and dependants. "I think they are sending the wrong message to the community," said Mr Allen Lee, leader of the conservative Liberal party in the Legislative Council (LegCo), Hong Kong's parliament. "It is entrenched in the people's mind that we have a Bill of Rights, so why change

tainty.' The PWC's deliberations have ensured that Mr Patten's discussions with British ministers over the next week about the colony's handover will assume greater urgency. Yet they come at a time of growing powerlessness for Britain.

The governor, who arrives in London today for talks, is a vicerov with all the responsibilities of high office but whose power is fading fast; he is an official who may be the British government's principal adviser on Hong Kong but who has been marginalised in the colony by China's determined refusal to have anything to do with him.

His, and Britain's, problems, however, are set to grow, not diminish and Mr Patten will be Over the past year senior Chi-

briefing for ministers. The economic background to the handover bas oeteriorated and Hong Kong, by virtue of its exchange rate linked to the dollar, will have to wait for a decisive easing in US monetary policy before a recovery in consumer confidence can be confidently predicted.

Mr Patten also knows that relations with LegCo may deteriorate to the point where he has to intervene directly in the council's deliberations. No colonial governor since the second world war has had to veto a piece of legislation in Hong Kong. It may well be the fate of Mr Patten - the least "colonial" of governors - that he has to use this power against his natural allies on the democratic side of Hong Kong poh-

It is also clear from events this week that Beijing will continue to play "hard ball" in the 20 months remaining of British rule, although on bilateral issues of importance to itself, such as those agreed by Mr Qian Qichen, China's foreign in London two weeks ago, China will co-operate with the

he Bill of Rights, which was made law in 1991. incorporated the provisions of the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights. Adherence to both of these UN-inspired documents was promised to Hong Kong in both the 1984 Sino-British Joint Declaration, which paved the way for China's resumption of sovereignty in 1997, and China's own 1990 Basic Law for Hong

Kong. In spite of this, China has always reserved its position.

struggling to make an upbeat ness leaders bave been expressing concern about Mr Patten "loosening the screws" the removal of sections of Hong Kong's colonial statutes which restrict civil liberties. Mr Qian, on his recent visit to London, warned Britain about making changes to Hong Kong

A reversal by the Chinese of recent amendments to Hong Kong's law, made to bring it into line with the Bill of Rights, would extend the executive arm of government's control over broadcasting, make it more difficult for people to demonstrate, enable the goverriment to impose martial law. limit the independence of LesCo and reverse a recent ruling allowing women to inherit ancestral land in the New Ter-

The Democratic party, which won the largest share of seats in recent LegCo elections, denounced the PWC's recommendation as "a shocking blow to freedom" and a threat to China's promise that Hong Kong would be able to rule autonomy".

Even China's ostensible friends in Hong Kong objected. Mr Tsang Yok-sing, chairman of the pro-Beijing Democratic Alliance for the Betterment of Hong Kong and a PWC member himself, described the PWC's proposals as "worrying" and lacking in evidence that any recent amendment of Hong Kong's law violated the Basic Law.

This week in Geneva, the United Nations Human Rights Commission has been inquiring into Hong Kong. As the Ecocomic Times, a Chineselanguage business newspaper in the colony, observed yesterday, the PWC has supplied the best reason for international coocern about buman rights

#### ASIA-PACIFIC NEWS DIGEST

# N Korea threat over armistice

North Korea yesterday threatened to scrap the military armistice system on the Korean peninsula if the US refuses to hold talks on a new "peace regime" to replace it. The warning by Pyongyang came a day after it refused to accept a protest note from the UN Command, which represents US and South Korean forces, about an attempted infiltration this week by North Korean soldiers into South Korea. The fatal shooting of one of the intruders was the most serious incident along the demilitarised zone separating the two Koreas since North Korea began to dismantle the

commission last year and ejecting Polish monitors.

The "peace regime" envisaged by Pyongyang would involve direct military contacts between the US and North Korea. while excluding South Korea as part of Pyongyang's strategy to isolate the Seoul government. Some analysts in Seoul believe North Korea may be willing to pursue military talks with South Korea once Pyongyang feels secure in developing stronger relations with the US. Jack Burton, Seoul

#### Official quits in bases row

A senior Japanese defence official resigned yesterday for calling Premier Tomiichi Murayama "weak beaded" in his handling of the controversy over US troops in Okinawa. Mr Noboru Hoshuyama, head of the defence facilities administration agency, denied that he meant to insult the Japanese leader over management of the furore provoked by the alleged rape of a schoolgiri last month by three US servicemen in Okinawa, base for three quarters of US military installations in Japan. Mr Hoshuyama was said to have voiced unhappiness at what he called Mr Murayama's inability to persuade Okinawans to renew land leases for US William Dawkins, Tokyo

#### Sri Lanka to boost defence

Sri Lanka will spend more than \$650m (£411m) on defence in 1996, almost \$100m more than this year, under preliminary budget estimates presented to parliament.

The increase comes as government troops continued an offensive against separatist Tamil Tiger guerrillas in the northern rebel stronghold of Jaffna. Some 53 soldiers and 131 rebels have been killed since the army launched the operation on Tuesday. The rebels resumed hostilities in April after failed talks with the People's Alliance of President Chandrika Mervyn de Silva, Colombo and agencies

#### Australian economy slowing

Further evidence of a slowdown in the Australian economy was apparent yesterday, when merchandise import data for September showed a 3.7 per cent fall, seasonally adjusted. This follows a 7.6 per cent decline in August, against market expectations of a rise of perhaps 3 per cent for September. Analysts said the current account deficit for the month could be about A\$1.45bn-A\$1.5bn (£700m-£724m1, less than half the record A\$3.2bn seen in May.

Reserve Bank governor Bernie Fraser played down the likelihood of an early interest rate cut. He confirmed the bank's focus on keeping inflation down. Nikki Tait, Sydney

# China slows growth to under 10%

By Tony Walker in Belling

China bas slawed economic growth to less than 10 per cent this year and is also continning to bring inflation down towards a target for 1995 of 15 per cent, according to the State Statistical Bureau.

Figures for the September quarter, released yesterday, indicate China is within reach of a "soft landing" for an overbeating economy following imposition of a credit squeeze in July 1992 aimed at curbing runaway inflation. Mr Ye Zhen, for the State

Statistical Bureau, said he

expected China to achieve its

inflation target for the year.

He also indicated there was in nominal terms. Hikely to be a "seasonal" easing of credit restrictions in the final quarter.

China reported retail price inflation rose 16.6 per cent in the first nine mouths against the same period last year. Inflation in 1994 reached a Communist-era record high of 21.7 per cent. GDP growth was up 9.8 per cent in the first nine months, down from 11.8 per cent in 1994. China's target for the year is 8-9 per cent.

China also announced a slowdown in growth of capital spending. In the the first three quarters, fixed-asset invest-

points down from the same period last year, reflecting the government's tight money policles. A capital spending boom in 1992-93 had fuelled an inflationary cycle. China's credit crunch pushed its debt-burdened state sector deeper into the red this year. Soma 41.3 per cent of state companies were loss-making, up margin-

ally on last year. State-owned enterprises lost Yu41.7bm (£3.2bo) in the first nine months, up 18.8 per cent on the same period last year. Triangular debt, (inability of ment by the state sector companies to pay each other expanded 17.6 per cent for goods and services),

of August, up from Yn630bn at the start of the year. The total average urban income during the nine months rose an inflation-ad-

justed 5.8 per cent to Yn2,880 (\$347), while the average rural income rose a real 10 per cent to Yn1,120. But about 20 per cent of urban Chinese, mostly the retired and those working in loss-making firms, felt a drop in living standards.

China's foreign exchange reserves recorded a healthy increase in the nine months, reaching \$69.8bu (£44.1bu) at the end of September, np \$18.2bn from the start of the

# £40m- it's our reward for looking beyond research

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**NEWS: WORLD TRADE** 

# Ruggiero in plea on China's WTO entry

By Guy de Jonquières

Mr Renato Ruggiero, head of the World Trade Organisation, yesterday called for a high-level political dialogue to reassure Beijing that its stalled negotiations to join the WTO will not be blocked by the US.

Mr Ruggiero said Beijing was suspicious that the US intended to veto its application for political reasons. China was using its doubts as a pretext to "play tough" in the negotia-

in the largely technical membership negotiations under way in Geneva. "A certain political clarification is important," he said. "The argument has to be eliminated that China is being kept out for political reasons."

He hoped the US and the EU would agree to harmonise their positions on China's entry wben President Bill Clinton visits Madrid for a summit with EU leaders in early

expected to seek closer consensus on China's application when he hosts an informal meeting of trade ministers from the US. Canada and Japan in Britain today and

The US says it wants China to join the WTO. However. some observers think it may be reluctant to commit itself to any joint initiative for fear that domestic political opponents might accuse Mr Clinton of

could be too difficult to resolve pean trade commissioner, is tiveness of the world trade system required that China and Russia join the WTO. 'If we want a truly global rules-based system, we must have China and Russia in. If we don't, we will have a regionalised world," he said.

But Beijing must accept fully WTO rules, commit itself to trade policy reforms and agree to international monitoring after it joined. He also aimed to persuade

to be more fully recognised at senior levels of government, and to be taken into account in decisions on global economic policy co-ordination.

He was still considering how that could be achieved. But it would be necessary to avoid a damaging growth of economic regionalism and because multilateral liberalisation increasingly focused oo sensitiva domestic policy issues, such as investment and deregulation.

the importance of the system arrangements to embrace ever more countries must not be at the expense of multilateral principles.

He was concerned that any move by the EU and US to create a transatlantic free trade area could prove divisive if it involved agriculture. He suggested agreement would be easier to reach on issues such as subsidies and standards. Mr Ruggiero urged Mr Clin-ton and EU leaders to pledge, at their Madrid summit, to hring any transatlantic trade

helicopter or on the drawing board like the Future Large Aircraft (FLA).

contribution to these programmes would undermine the force of

Prance's call for greater co-operation

What restructuring French defence

companies have done in recent years

has been with foreign partners. Buy-

ing up o series of companies such as

Ferranti, Thomson bas become the

second largest defence electronics

Matra, part of the private sector

Lagardère group, has also played the

British card, but mainly through alli-

ances. With GEC, it has formed Matra

Marconi Space, and for the past cou-

ple of years it has been negotiating

with British Aerospace for a joint mis-

siles venture. This deal, bowever, now

seems to depend oo whether the UK

government agrees to pressure from

Matra, and the French government, to

pass the contract for a new stand-off

missile to Matra for it and BAe to

Aerospatiale's equally prolonged

negotiations with Dasa over enlarging

their partnership to include joint ven-tures on spy satellites as well as mis-

siles has also run up against German

government reluctance to co-finance

new satellite programmes for the

partners to work on. Providing match-

ing complication on the French side,

Matra is trying to displace Aérospa-

tiale as Dasa's satellite partner, given

the fact that it edged Aerospatiale out

as prime contractor on the current

develop together.

company in the UK, behind GEC.

with Germany and Britain.

But both are collaborative Europe ventures. Scaling down the French WORLD TRADE NEWS DIGEST

# UK publisher in newsprint deal

Associated Newspapers, publisher of the British newspapers the Daily Mail and Evening Standard, has agreed a four-year newsprint supply contract with United Paper Mills of Finland worth FM2bu (\$465m). The move comes at a time of tight newsprint supply and after a rise of more than 40 per cent in UK newsprint prices over the last year. Mr Rupert Murdoch's News International reached a similar long-term agreement with UPM several months ago.

The agreement guarantees volumes, but does not fix prices.

The contract's value of FM500m a year is based on current newsprint prices, which are being adjusted twice yearly to

reflect rapid market change. Analysts say the agreement reflects buyers' willingness to secure supplies at a time of strong demand and a sharp rebound in prices after the market downturn between 1991 and 1994. Prices have been driven up by higher raw material costs, increased advertising and newspaper pagination, and little new capacity. Newsprint prices in the German market have increased from DM730 per tonne last year to DM910 at the start of 1995 to DM1,140 from July. A further rise of 5 to 10 per cent is expected early next year.

Christopher Brown-Humes, Stockholm

#### Lufthansa backs Kinnock

Lufthansa, Germany's national airline, yesterday called for a broad European approach to air transport oegotiations with the US to open up the transatiantic market and criticised separate "open sky" agreements concluded by some smaller

European countries. Tha comments reinforced the attempt of Mr Neil Kinnock, EU transport commissioner, to persuade member states to cede negotiating rights to Brussels. Mr Jürgen Weber, Lufthansa's chairman, said Europe was inching towards economic and political integration: "So it can be appreciated why the European Commission should be seeking a mandate to negotiate future air traffic accords en bloc for the European Andrew Fisher, Frankfurt

#### Korean imports worry Ford

Ford, the second biggest US car maker, is seeking European support for action to open the protected Korean car market, Speaking at the London Motor Show, Mr Alex Trotman, chairman of Ford, said the increased market access gained from a recent round of US-Korean talks had marked a useful step forward but be wanted more progress.

Europe's car manufacturers have voiced concern about the increase in Korean car imports this year. Korean exports to Europe were expected to reach 500,000 units by the end of the century, exacerbating the severe overcapacity in the region, said Mr Trotman. He warned the introduction of additional capacity in newly industrialising countries was bound to worsen overcapacity in Europe and the US.

Hoig Simonian, Motor Industry Correspondent

■ Alcatel Alsthom has signed a contract with Vietnam Postsand Telecommunications (VNPT) to supply and instal 1.95m telephone lines across Vietnam over five years. The contract, using Alcatel's 1000 E10 lines and associated transmission equipment, is worth up to FFr2bn

■ Pirelli, the Italian manufacturer of cables, has won a L160bn (\$99m) contract for a turnkey project to link Kuala Lumpur. the Malaysian capital, and the island of Penang with six Andrew Hill, Milon submarine electrical cables.

#### governments to give a "politi-cal dimension" to the multilatbeing lenient towards Beijing. He suggested the problem The WTO head said the Sir Leon Brittan, the Euro-Mr Rugglero said the effeceral trade system. He wanted spread of regional trade France's defence industry halted by inertia

Its main client - in some cases its owner - has yet to decide post-cold war policy, writes David Buchan

he drama in France's defence industry, which is Europe's largest, is that nothing is hap-

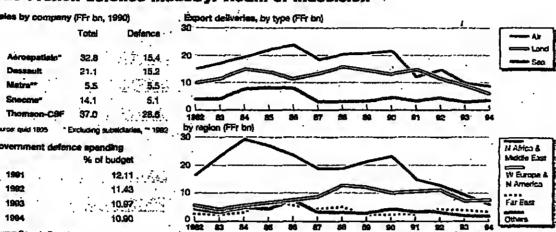
French defence companies bave been transfixed by successive French gnvernments' inability to do more than stretch out existing arms programmes since the end of the cold war. Without guidance from the arms companies' main client as to what new programmes to regroup around, there is still no sign of the restructuring that bas already taken place in the US, the UK and Germany.

Things are most serious for the state-owned companies, because the cash-strapped government of Mr Alain Juppé lacks the money to recapitalise them to make them sufficiently attractive for privatisation, for which they are all nominally slated.

Aerospatlale, which makes the country's nuclear missiles and helicopters, among other products, got FFr2bn (\$400m) three years ago, hut now says it needs FFr10bn. Snecma, the aero-engine maker, is looking for ways to stem losses, in addition to moving out of its Paris headquarters. Thus far, it has failed to get govero-ment permission to sell its Messler-Bugatti landing gear division to BF Goodrich of the US, so its request for government cash still stands at

Giat, which makes the Leclerc tank, will soon hit the legal minimum limit on its capital/debt ratio if it does not get government money soon. The Thomson group says it needs a FFr10bn recapitalisation from the government if it is to he floated as a whole, together with the heavy past dehts of its consumer electronics wing, though the Thomson-CSF defence electronics company (58 per cent owned hy the state holding

The French defence industry: victim of indecision



group) is quite solvent enough to go to market on its own. But the government is taking its tima, awaiting the conclusions of various study committees set up by Mr

Charles Millon, the defence minister. Under the 1996 draft budget, existing programmes will just be stretched out. The Charles de Gaulle, Europe's only nuclear-powered aircraft carrier, will not now emerge out of the Brest dockyard until the year 2000. Dassault has been asked to go even more slowly on building the Rafale jet, and Eurocopter, the joint venture between Aerospatiale and Daimler Benz Aerospace (Dasa), will have to delay fur-ther the start of series production of its Tigre attack belicopter.

Defence exports, already down from FFr20.6bn in 1993 to FFr16.8bn last year, are expected to be hit further. The fact that the Tigre is not yet in regular production was one of the reasons why the Dutch, and to some extent the British, have preferred to buy American.

Recent cuts on defence equipment have been by stealth. in stark contrast to tha civil sector, the governmant bas been spending less than approved by parliament, by first freezing and then cancelling credits of about FFr5hn to FFr6hn a year since 1993. But while the 1993-94 savings were mainly in nuclear programmes including suspending nuclear testing - this year's cuts "are almost all on conventional weapons", says one defence expert.

One reason why defence equipment spending has been cut, but haphazardly with no relation to policy aims, is that France has been without a military framework spending law for five years. The Socialists drifted between 1992 and 1993 without such a law. In 1994 the Balladur government produced a 1995-2000 programme setting a minimum 0.5 per cent annual real increase in equipment spending. But the change of president has pushed the law into the bin.

Son of a Dassault engineer and a long-time reserve colooel bimself, President Jacques Chirac may be more predisposed to the arms lobby than his predecessor. But his government has an even more pressing need to reduce its overall deficit, and next year's cuts will have to be overt. However, many programmes - the

Rafale, the Charles de Gaulle, the Leclerc, even perhaps the Tigre - are now beyond the point of no return, in the sense that cancellation charges plus the cost of a reduced and chesper substitute may total more than the cost of plugging on. So the casualties are more likely to be programmes, either in their

Helios military spy satellite. But what all French companies are getting hungry for is some idea of what the government - their main client, and in some cases owner - has infancy like the NH-90 troop transport in store for them.

OF THE BRIDGE ACROSS SAN FRANCISCO HARBOUR TODAY, IT'S HARD TO IMAGINE THE FEAR AND LOATHING CAUSED BY PROPOSALS FOR ITS CONSTRUCTION. THE SIMPLE REASON WAS THAT, BECAUSE NOTHING QUITE LIKE IT HAD EVER BEEN ATTEMPTED BEFORE, IT WAS FAR BEYOND PEOPLE'S IMAGINATION. PROPOSALS IN THE LATE GOS FOR AN AERONAUTICAL VENTURE SPANNING GERMANY, FRANCE, THE UK AND SPAIN MET A SIMILAR reaction. Yet, only 25 years later, it's now POSSIBLE TO STAND BACK AND MARVEL AT THE EXCEPTIONAL PROGRESS AND ACHIEVEMENTS OF

OBSERVING THE BREATHTAKING BEAUTY

AIRLINES WITH A FAMILY OF STATE-OF-THE-ART CIVIL AIRLINERS. THIS INCLUDES THE

THE FOUR EUROPEAN PARTNERS HAS BECOME A MODEL FOR ALL SIMILAR VENTURES.

WHICH GOES TO PROVE WHAT EXTRAORDINARY THINGS CAN BE ACHIEVED WHEN

YOU BUILD BRIDGES THAT STAND THE TEST OF TIME,

TIDES WILL WASH IT OUT TO SEA... WILL BLOW IT AV

THE COMPANY WHICH STARTED FROM NOTHING

NOW SUPPLIES 80% OF THE WORLD'S LEADING

FOUR ENGINED A340 WITH THE LONGEST RANGE OF ANY PASSENGER AIRCRAFT.

MOST SIGNIFICANT OF ALL, THE UNPRECEDENTED COMMERCIAL CO-OPERATION BETWEEN

DAIRBUS INDUSTRIE SETTING THE STANDARDS

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AIRBUS INDUSTRIE.

UK NEWS DIGEST

Drug companies challenge 'unreasonable' action by watchdog committee as share prices close lower

# Women warned of risk from contraceptive pills

By Clive Cookson in London and Judy Dempsey in Berlin

The government's Committee on Safety of Medicines yester-day warned that seven popular brands of low-dose contraceptive pill could double a woman's risk of thrombosis (potentially fatal blood clots in the legs). It advised users to switch to other pills. All three manufacturers affected - Schering of Germany, Akzo Nobel of the Netherlands and American

Home Products - challenged the CSM's action. Schering called the decision

"surprising and unreasonable". Mr Ralf Harenburg, the company's head of investor relations: said: "It is based on the preliminary evaluation of unauthorised, unpublished data." Shares in Schering, the larg-

est maker of oral contraceptives, fell by DM0.80 to DM100. Akzo Nobel closed F1 2.50 lower at FI 183.10.

about half the UK oral contraceptive market, take the seven brands: Triadene, Femodena and Femodene ED (made by Schering); Marvelon and Mercilon (Akzo Nobel); and Mimulet and Tri-Mimulet (AHP).

The seven are "third-generation" combination pills that have been introduced over the past decade. They contain a synthetic progestogen hormone - either desogestrel or gestodene - with an oestrogen. The CSM sald they would is likely to be relatively small.

not be withdrawn from sale but advised women to consult their doctor "to see whether a change of pill is necessary".

As a result, many women are likely to switch to older and cheaper products. A threemonth course of Femodene costs £5.70 compared with Microgynon, an older Schering contraceptive, which costs £2.85 for three months.

The direct impact on the companies of the lost UK sales

Schering's UK sales of the three affected products amounted to DM35m while its total contraceptive sales amounted to DM1.41bn or 30 per cent of the company's total turnover.

But there could be a significant global impact if other European regulatory anthorities and the US Food and Drug Administration take similar action. The unpublished studies that provoked the UK warning originated with the

World Health Organisation in

Professor Michael Rawlings. chairman of the CSM, yesterday urged women to continue taking the contraceptives until they could visit their doctor or family

planning clinic.
"Suddenly stopping the pill could lead to pregnancy, and the likelihood of a thrombosis occurring in pregnancy is much higher than on any type of pill," he said.

### Rules for US rail bidder are changed

By Charles Batchelor, Transport Correspondent

British Rail's three heavy-haul freight companies are being encouraged to merge - 18 months after the government split them np into three regionally based companies to

If the management teams do not put in package bids, BR and the Department of Transport would bave nothing with which to compare the US offers, said one rail industry official. Since a bidder for all three companies would be expected to pay a premium competition in freight, bids for individual companies would produce less revenue for the

Critics of rail privatisation have questioned the split up of the Trainload Freight companies, because while they dominate in some markets, overall, rail accounts for only 7 per cent of UK freight movements. Mr Gordon Brown, the opposition Labour party's shadow chancellor, yesterday claimed that the government could make a net loss on the

shareholders at a market capitalisation of £3.5bn.

increase competition.

Management buy-out teams from the three companies, which have a combined turn-over of £560m (\$884.8m), are being encouraged to put in bids not inst for their own businesses but for the other two as well. At least two are understood to be preparing bids. This represents a reversal of one principle underlying rail privatisation which has been to split up the different parts of the network to pro-

mote competition.

The decision to allow package bids from the three management teams for all of BR's Trainioad Freight companies, which carry products such as coal, steel and aggregates, reflects the small number of ontside bidders for the network. Wisconsin Central Transportation of the US is bidding for all three companies, and some of its executives are now in the UK. A second US company is also believed to be bidding.

sale of National Grid -Britain's power distribution network - by the country's regional electricity companies (Recs) because of a series of complex tax concessions

As the 12 regional electricity companies prepare to announce details of the grid's flotation today, Mr Brown has argued that the government will end up making net payments of around £300m to the Recs and institutional shareholders as a result of tax breaks. The shadow chancellor's advisers say the government can expect to gain around £630m in capital gains tax receipts from the Recs if, as expected, the grid is sold to

related to its flotation.

# European court rules against government

The government decided to grant free medicine prescriptions to more than Im men aged 60 to 64 after the European Court of Justice ruled that existing rules discriminated against them. The decision will cost about £40m (\$63m) a year and a further The decision will cost about from (soom) a year and a intimer £10m in back payments. Judges at the court ruled that the current UK arrangements, which granted free prescriptions to women at 60 but not to men until 65, were unlawful states. European law. The court also ruled that the judgment should be made retrospective. But the British government invoked a 1989 regulation on charges, covering applications for repayment, to limit the backdating to the last three months and hold the cost to £10m.

Lawyers for the British government argued that the directive covering discrimination did not apply to prescriptions. The court ruled, however, that there was no objective reason why that the exemption from prescription charges should be linked to the state pension age and therefore granted at different ages for men and women. The decision provoked anger from Conservative Eurosceptics. Mr Bernard Jenkin, MP. for Colchester North, said:

This is the sort of decision people expect their national parliament to decide, rather than a bunch of foreign judges."

Robert Shrimsley, Westminister

#### Car output falls

Car production fell in September for the first time in 15 months as manufacturers reacted to sales in August that disappointed hopes of a strong recovery in mainland European markets. Car output for the first three quarters of the year nevertheless remained 7 per cent higher than in the same period of 1994 and is still on course to reach the highest yearly

total for two decades.

The Society of Motor Manufacturers and Traders said the figures from the Central Statistical Office were disappointing. However, they clearly show that car production for export is holding up better than that for the home market," said Mr Roger King, the SMMT's public affairs director. Total UK car. output in September was 111.182, down 11.2 per cent from September 1994. Output for export, at 54,423, was 2.3 per cent John Griffiths, Industrial Staff

#### \$157m paint centre for Rover

Rover Group, a subsidiary of BMW, is to build a £100m (\$157m) advanced paint centre at its car factory at Cowley near Oxford. The centre, which will come on stream in mid 1997. lifts Rover's announced total investment in new paint facilities to more than £230m in less than a year. Yesterday's announcement granting the Cowley contract to the Warwickbased paints group, Durr, follows plans announced in July to instal a new £80m paint plant at Rover's Land Rover offshoot in Solibull. Paint facilities at Rover's largest car factory, Longbridge, have been modernised this year at a cost of more than £50m. When completed, the Cowley centre will allow Rover to process 60 cars an hour, a 50 per cent increase on current levels. Cowley is the centre of production for Rover's 600 and 800.

#### **BCCI appeal starts today**

Four former employees of Bank of Credit and Commerce International will today begin their appeal against the proposed worldwide settlement which is set to benefit 90,000 creditors. The four claim that the settlement is unfair and too generous towards the government of Abu Dhabi, the bank's principal shareholder. They also claim that vital information about the collapse of BCCI may have been removed from

documents seized after the collapse.

BCCI falled in 1991 with debts of \$10bn amid allegations of widespread fraud. The battle for a settlement for creditors has The current plan was finally passed by Luxembourg in January this year. The proposed settlement was based on a payment of \$1.8bn from the Abu Dhabi government. An initial \$1.55bn would have been available after the successful completion of the court process. Creditors lose \$300,000 a day in interest on the offer. Jim Kelly. Accountancy Correspondent

#### Nadir sister to sue

Lawyers for Mrs Bilge Nevzat, the sister of Mr Asil Nadir, the fugitive businessman, said a writ had been issued against the UK Serious Fraud Office for wrongful arrest and false imprisonment. Mrs Nevzat is also suing for personal injury. It is understood she will claim damages of £5m and that a writ has also been issued against the Sir Paul Condon, Commissioner of the Metropolitan Police in London.

Mr Nadir fled England for Cyprus in 1993 facing charges of theft and false accounting following the collapse of the Polly Peck empire. Mrs Nevzat had been arrested in November 1992 after police alleged she was involved in a plot to bribe the trial judge. A year later the SFO said there was no evidence to back that allegation. Mrs Nevzat will claim that the distress caused led to the collapse of Noble Reardon, her airline company. The SFO said it would contest the actions.

West biography commissioned: The Official Solicitor, Mr Peter Harris, a senior law officer, has commissioned a biography of the builder Fred West, whose wife Rosemary is standing trial accused of the murder of 10 women and girls. West was found dead in prison on new year's day. The West case attracted international publicity when human remains were found under the family home in the city of Gloncester. Proceeds of the book deal with publishers Hodder Headline, believed to be worth £1m (\$1.57m), will go to the couple's five youngest children. Defending his decision to commission a book which will make use of 13 volumes of police interviews. Mr Harris said that, as administrator of Fred West's estate, he had "an overriding duty to protect the financial interests of the five minor children."

# Transport plan aims to strengthen London network

By Charles Batchelor. Transport Correspondent

A £23bn (\$36.3bn) programme to improve London's transport network by 2010 was unveiled yesterday by London First, a consortium of business and public sector organisations in the capital

The plan could be funded in part by a voluntary levy on business if Treasury objections can be overcome, London First said. it bopes to demonstrate that businesses would contribute willingly by inviting contributions for specific schemes.

The "first fully costed, comprebensive and long-term programme for improving the capital's total transport network in 20 years" was intended to spur the government to action.

London First said. The scheme should not result in any increase in government spending but it would require a consistent approacb to funding and a rephasing of budgets to allow London

By Andrew Taylor, Construction Correspondent

railway extension in London.

London Underground is seeking an

extra £190m (\$300m) from the govern-

ment to cover the increased cost of

building the Jubilee Line undergound

The project, which was planned to

cost £1.9bn at 1993 prices, bas been hit

by a series claims from contractors

£200m backlog of maintenance over the next two years.

Funding over the next 14 years would be made up of £11bn of public sector finance. £8bn from ticket revenues and £4bn from the private sector.

The Department of Transport, whose spending is under severe pressure, said it wel-comed the proposals but plans for a business levy amounted to a tax. Publication of the London

First plan comes a week after the CBI revealed its plans for a shake-up of transport in the capital, including a call for a single co-ordinating authority. Lord Sheppard, chairman of London First and of Grand Metropolitan, the food and drinks group, said: "The pro-gramme is affordable and achieveable and is vital for the

competitive position." There bad been a lack of forward thinking in planning London's transport system. putting at risk its position as a

capital's future international



Traffic in inner London travels at an average speed of 13.5 miles per bour at the morning peak, faster than the 13.3mph recorded in 1992 but slower than the 14.2mpb achieved in 1981, the transport department said. Outside rush-bour, traffic reaches 15mpb but is still slower than in 1981

It aims to achieve a balance between the private car and public transport.

It called for urgency in creating a 500-mile bus priority network and a 1,200 network of cycle routes. Both should be completed within four years, instead of the ten to 12 years

It urged that work be speeded up on several largescale investment projects; including extensions to the Docklands Light Railway and the underground's East London Line, a tram system in Croydon, an extension of the Docklands Light Railway to

First hopes to work with the Treasury, the private finance More state cash sought for Underground line

southward axtensions of the

Underground's East London

The private sector is expec-

ted to make only a "modest"

contribution of £4bn, London

paid over 25 years by the owners of Canary Wharf development in east Lon-• London Underground is to close 2

section of the Northern Line for up to four months next summer during work on extending London Bridge station for the Jubilee Line project. The closure would affect soutbbound traffic between Camden Town and Kenning-

Sacking of prisons chief Home secretary nimbly eludes barbs from Labour tormentors

# Union for top officials finds a cause célèbre

By Andrew Adonis, Public Policy Editor

The sacking of Mr Derek Lewis, head of the Prison Service, by the home secretary is provoking a "revolt of the mandarins" almost unprecedented for such a high-level clasb hetween a miniater and a senior government official. The First Division Associa-

tion, the trade union for senior officials, bas thrown its full weight behind Mr Lewis's legal action against Mr Michael Howard, the home secretary. Ms Elizabeth Symons, the

association's general secretary, condamned the sacking as unreasonable and disgraceful". Even before Mr Howard's statement about the affair in the House of Commons on Monday, the union was mobilising on Mr Lewis's behalf. Its leading officers have been almost continuously engaged on the affair since then.
As one senior government

official put it: "You can't see this in isolation. It's just the latest in a long line of assaults



Mr Michael Howard, the bome secretary, triumphantly escaped from his Labour party tormentors yesterday with a defiant House of Commons speech in which be vigoronsly defended his role in the running of the

seeking extra payments to compensate for unforseen problems during con-

Many of the claims are for delays

caused by a decision to stop engineers

using the New Austrian Tunneling

Method after the ground collapsed on

an unconnected railway project at

Heathrow Airport, more than 30km to

The decision call a halt while tha

the west of the Jubilee extension.

prison service. Mr Howard came out fighting in a Labour-initiated debate on the sacking of Mr Derek Lewis, head of the prison service, and sat down to resounding cheers from the Conserva-

Mr Howard failed to answer all the charges levelled against him, but did more than enough to persuade MPs of his party that he had acted decisively to tackle serious problems in Britain's jails. Labour has boonded Mr Howard

the market research group.

It showed that more than

two-thirds of senior officials believe that the government's

far-reaching reforms of the

administrative machine are

damaging it. Mori said the

this summer.

on the civil service by this gov- level of disaatisfaction was ernment, and people have had higher than in any other of the 300 employee attitude surveys The degree of dissatisfaction among the Whitehall elite was revealed in a survey by Mori, it had conducted in the public

and private sectors.

Yet the association's support for Mr Lewis is paradoxical. He is a member in trouble, yet he personifies the "assaults" on the traditional administrative machine which are so offensive to his former colleagues in it. Mr Lewis was appointed

directly from the private sec-

since the acrimonious sacking of Mr Lewis on Monday, accusing the bome secretary of interfering in the operational management of the prison service. But yesterday Mr Jack Straw, shadow bome secretary, failed in the House to make his charges stick. As Labour despair mounted, Mr Tony Blair,

tunneling method was reassessed was

made on advice from the government's

Health & Safety Executive. Contractors

were later allowed to resume work

using the New Austrian method after

London Underground bowever

insisted yesterday that the extension

was still on course to be completed on

time and close to the original budget.

Almost £400m of the £1.9bn cost is be

the executive had declared it safe.

the opposition party's leader, intervened - but also failed to get his man. "What we have seen this afternoon and throughout the whole week is a cheap and tawdry attempt to make petty political capital ont of the prison service," said Mr Howard.

"He has been involved in the operations of the prison service day by day, month by month," Mr Straw said of Mr Howard. "In our judgment he must go."

tor. He was on a fixed-term individual contract at a salary well above the highest pay for a government official, with the opportunity for a substantial performance-related addition. The Mori survey cited these aspects of the government's Whitehall reforms as sources of discontent among manda-

As director-general of the prison service Mr Lewis was pioneering one of the most conordered by the Conservative government. His attempt to apply "market testing" to prisons by exposing some to competition with private operators for their contracts was bitterly fought by the Prison Officers' Association, a trade union.

Yet, for the First Division Association. Mr Lewis'a sacking offered a goluen opportu-nity to highlight the problem of trying to separate responsibility for "policy" from "administration". Ms Symons has long argued that this is a dangerous distinction if government officials have no effective statu-tory safeguards for their new

She claims that the distinct tion simply allows ministers to delegate blame to officials when it anits them. She remarks acidly: "Mr Howard is responsible to Parliament for tha conduct of his department, yet he attempts to take all the credit for success in the Prison Agency since 1993 and scapegoat others for its shortcom-



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The economy Independent chain of estate agents puts 70 branches into receivership

# Loans slide deepens gloom in housing market

By Alison Smith and Robert Chote

The gloom in the housing and mortgage market deepened yesterday with figures showing another sbarp drop in mortgage lending by building soci-

At the same time, Cornerstone, an independent chain of estate agents, put 70 of its

and on the south coast of England, into receivership.
Mr Tony Snarey, chairman
and chief executive of Corneratona Independent Estate Agents, said the steep decline in reaidential housing sales had made it impossible for Cornerstone to continue trading. The Thatcher administration

ent prime minister, it had been put at the bottom of the agenda. The company has already sold about 200 offices to other estate agents or to management buy-ont teams. Although these can still carry the Cor-

nerstona brand, they are not affected by yesterday's action. Figures published by the had made home ownership an Building Societies Association show an 18 per cent drop in important aspiration, but under Mr John Major, the pres-

compared with August, alumping from £750m to £614m (\$964m). This contrasts with a between the same months last year. Building societies are mutually owned savings and loans institutions.

new net lending in September

New gross lending was less affected because there is still a

in this total. It slipped from £2.98bn in August to £2.73bn in September, a drop of 8.4 per cent. In the same period last drop of just 1.5 per cent year, it fell 7.5 per cent. A fall in mortgage lending by the large UK banks was sepa-rately reported by the British Bankers' Association yester-

day. It said new mortgage lend-

ing was, at £546m, 9 per cent significant amount of relower in September than mortgaging which is included

# Surveys show manufacturing growth rate easing

Further signs of easing in the rate of business information group, said that manufacturing growth emerged yesterday after two business surveys reported that orders were now rising at a alower pace, Gillian Tett writes.

said that the proportion of companies reporting increased levels of sales had fallen in tha last quarter. Meanwhile, Dun and Bradstreet, the

The British Chambers of Commerce

businesses were now considerably less optimistic about the outlook for profits. sales, new orders and exports.

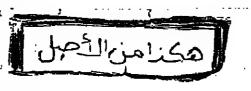
Taken together the surveys provide further hints that growth in the third quarter of the year slowed slightly, not least because some key export markets like the US, Germany and France are expanding less quickly than expected.

Nevertbeless, economists remain nies, conducted in September, found that the proportion of manufacturing divided about whether this pattern represents a brief pause in growth or the start of a downturn.

Further clues may come next week, with the publication of key third quarter gross domestic product data and the quarterly manufacturing survey from the Confederation of British Industry. The BCC aurvey of aome 7000 compa-

companies reporting higher export sales, compared to those reporting lower ones, was a positive balance of 29 per cent.

This was down from the previous quarter's level of 35 per cent, with a aimilar slowdown raported in the growth of export orders.



Still reluctant to take the plunge

An ambitious programme of deregulation is starting to slow, says John Burton

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South Korean industry is on the brink of transformation as the trade barriers and financial struts propping up one of the world'a most protectionist economies are dismantled.

The central issue is whether or not Korean companies can sucessfully move from the safety of state protection to an environment driven by market

In many respects, South Korea, among the four east Asian dragon ecocomies. adheres closest to Paul Krugman's controversial thesis on their industrial development, as stated in The Myth of the Asian Miracle.

The Stanford University professor argues that the impressive growth of the dragons has resulted from the funneling of labour and capital into industry, with no improvements in prodoctivity efficiency - a strategy that is unsustainable in the long-term.

Korea's former military rulers nationalised banking at the beginning of the 1960s and lavished funds on targeted industries, setting the subsequent pattern for state guidance of industry. The results have been spectacular. Korea ranks second in shipbuilding globally, third in semiconductors. fifth in electronics, petrochemicals and textiles, and sixth in cars and steel.

But this industrial edifice bas heen built on overstretched financial resources. Companies and banks rest on mountains of dehts and bad loans. The debt/equity ratios for such conglomerates as Hyundai, Samsung, LG and Daewoo are close to 300 per cent, while smaller groups have even higher debt burdens.

Bad debts, the legacy of

tries among others, account for an estimated 10 per cent of total lending by the country's leading banks, many of which are now privatised. Korean companies must keep expanding and seeking new markets to achieve the bigger sales nec-

essary to service their debts. The country's car industry wants to double production to at least 5m vehicles and become the world's fourth largest maoufacturer within the next five years. State-run Posco aims to be the world's leading steelmaker by the end of the decade. The shipbuilding industry predicts it will over-

take Japan by 2006. Moreover, Korean conglomerates, or chaebol, continue to exhibit signs of what one western analyst describes as "corporate megalomania" as they duplicate their rivals' every

In spite of promises to slim down operations and improve efficiency, the chaebol are relentlessly expanding their activities. In the past six months alone, the number of subsidiaries among the 30 top chaebol has increased from 623 to 647, according the government's fair trade commission.

The expansion of the chaebol and their concentration on production economies of scale has created serious weaknesses in Korea's industrial structure.

One is the lack of attention devoted to research and development. Aside from its cuttingedge leadership in computer memory chips, Korea still depends on imported technology for most of its products. But persuading foreigners to part with their technology is becoming difficult as Korea begins to pose a strong challenge in overseas markets.

The chaehol also rest on shaky industrial foundations. Unlike the Japanese keiretsu, the chaebol cannot rely on an extensive subcontracting nethave been starved of capital. Instead, they must import machinery and components the malo reason wby Korea runs a persistent trade deficit in spite of booming exports.

Productivity needs to improve. Industrial wages have more than doubled in Korea in less than a decade, but worker productivity rates are only about half those of Japan.

Economic deregulation poses new threats to Korean industry. Trade barriers protecting domestic companies from foreign competition are being dismantled. This could cause earnings to shrink since companies derive more profits from domestic sales than

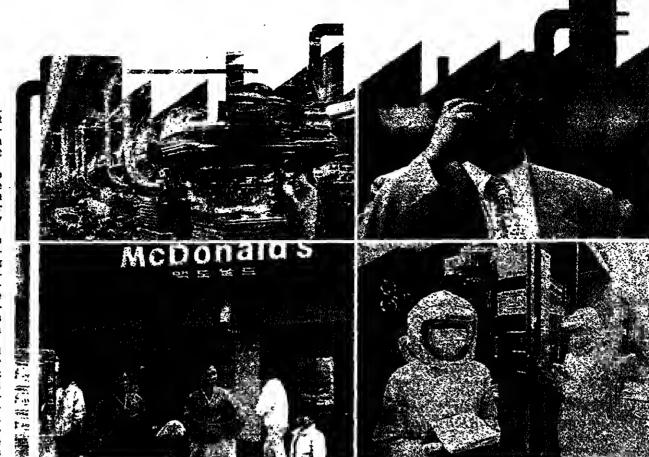
The chaebol are being forced to turn to financial markets for credit as the government reduces their preferential access to bank loans and abandons the low-interest, atatesubsidised "policy" loans that have financed expansion during the past three decades. The relaxation of capital inflows is expected to lead to an appreciation of the Korean won, which could hamper export growth.

Nonetheless, the chaehol welcome deregulation since It removes the heavy hand of government Intervention. Corporate executives believe the chaehol, with their vast resources, can weather any adverse effects of a market-oriented economy and emerge stronger. Their confidence largely

rests on an aggressive overse expansion. Korean companies are betting that emerging mar-kets in Asia, eastern Europe and Latin America will sustain export growth. Meanwhile, the chaebol are

bolstering their presence in developed countries by establishing distribution networks and marketing products under their own brand names.

Korean companies are establishing a global grid of production facilities, allowing them to escape high wage costs at



Consumer prices (annual % change)

home, while improving pene-

tration of foreign markets.

Sourcing components is consid-

ered easier abroad and an over-

seas presence provides oppor-

tunites to acquire advanced

technology. The chaehol can

also tap overseas hanks and

financial markets, which offer

Annual % change

lower interest rates and capital

But the chaebol's efforts to

become multinational are

being hobbled by the govern-

ment, which is having second

thooghts about its ecocomic

reform ageoda. Officials worry

that the exodus of high-tech-

costs than in Korea.

Korea Composite (Kospi) Index 700

nology and strategic busiof power and a corresponding nesses will lead to joh losses at growth in that of the chaebol as state constraints on corpohome. A shift towards overseas manufacturing also underrate activities are removed. The privatisation programme, mines the government's traditional preference for a strong for example, is being slowed down as officials try to prevent

and self-reliant domestic industhe chaebol from using the pro-Bureaucrats fret about a loss cess to add state companies to

#### IN THIS SURVEY

Overseas investment confidence is growing Corporate finance: source ere changing

Privatisation: progress starts to slow & Banking: Institutions face up to market forces

Technolgy and R&D: inclustry is improving its own @ Inward Investment obstacles still block foreign entrants to the market Case study: Secul-Pusan high-speed rail project

The steel industry: producers are increasing: capacity

Shipbuilding: expansion is creating controversy: Domestic production: announced :

Trade patterns: the focus. Brand recognition: companies are attempting to reise their profile overs

their sprawling domains.

One sign of new state cautioo was this month'a decision to impose stricter financial requirements on overseas investments. The country's top economic policymaker bas hinted that Korea may delay its membership in the Organisation for Economic Co-operation and Development beyond 1996 because it does not want to accelerate reforms as demanded by the group's mem-

Korea's robust economic growth of at least 9 per cent in 1995 and a predicted 7.5 per cent is encouraging the government to tackle reform at a measured pace. But gaining public approval for reform may get harder. The economy is on a cyclical downturn, which will add to public fears about letting in foreign competiton. Political parties sceptical of reform are expected to obtain a parliamentary majority in next April's general election.

Seoul may find that embracing reform will be disruptive, hut postponing it carries even a heavier price as more nimble Asian rivals surpass Korea in developing globally competi-



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# Growing confidence abroad

Korean companies are expanding the range of their activities beyond manufacturing

The big names in Korean industry have moved their foreign investment plans into overdrive in the past year as the old policy of relying heavily on exports from domestic plants gives way to globalisation and a broader manufacturing base

A number of high-profile announcementa of direct investments or acquisitions in locations ranging from Oregon to northern England, and from Poland to China have emphasised that Korean industry is on the move.

Whether the momentum can be sustained, though, remains in doubt. Last week, Seoul imposed a requirement that Korean companies must finance at least 20 per cent of foreign investments above \$100m with domestic funds. This will raise the financing cost of overseas projects, and could mean more marginal projects will be delayed or dropped.

According to the Korea Institute of Industrial Economics and Trade, overseas direct investment by Korean compa-nies reached a cumulative total of \$7.65bn at the end of last year, compared with just \$1.5bn at the end of the 1980s. Last year alone, the net amount invested soared to \$2.07bn, almost double the level of the previous year.

The cumulative total still represents only 4-5 per cent of Japanese industry's overseas direct investment, and the bare figures conceal Important

tion for a wide range of smaller Korean investments in the 1970s, then North America followed. Europe has become a more recent focus of attention, although investment still lags behind North American levels, while Asia, and in particular China and the Asean countries. has remained an important destination, accounting for about 42 per cent of total cumulative investment.

Overseas investment by the manufacturing sector is increasing rapidly, says the institute, especially in electronics. Already, manufacturing accounts for 54.8 per cent of the cumulative total.

The big Korean industrial groupa bave been highly export-oriented since their inception, but the business environment is changing. "The Korean market is limited, so we have to go abroad," says Choo Ho-suk, executive managing director at Daewoo Corpo-

"A long time ago, business was just trading. Now it is globalisation - which means having manufacturing marketing and all the main business activities in a particular coun-

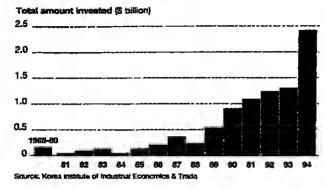
Although Daewoo and the other big conglomerates differ in how they implement globalisation, they are linked by a twin-track strategy that is clearly identifiable in recent overseas investments.

In industrialised countries, Korean companies want market access and for a physical presence that will mean they are increasingly viewed as multinationals, or at least international, rather than Korean. In so doing, they are circumventing trade barriers much as Japanese manufacturers did a decade ago in Europe and the US.

In developing countries, meanwhile, locations for lowcost manufacturing are a target as domestic wage costs rise. Here tco. though, market access is a consideration, especially in countries such as China which prefer foreign companies to work with local producers rather than simply import goods.

As a result of their globalisation strategy for western countries. Korean companies are expanding the range of their activities overseas beyond manufacturing merely to avoid

Overseas direct investment



#### primary reason, for example. wby Samsung Electronics began producing TV sets at Billingham, northern England, in

The current strategy is more sophisticated. While Billingham remains a manufacturing plant, Samsung's new £450m electronics complex at nearby Wynyard - opened last week by tha Queen - is due to have its own research and development centre to carry out product development and

Networks of component sup-ply are being developed by the Koreans in Europe. Samsung, for example, produces colour picture tubes at a factory in Berlin which supplies its TV plants at Billingham and in Hungary. LG Electronics, meanwhile, is considering a TV components plant in Europe, although the site has not been decided.

Korean companies have even reached the stage where they are moving some of their foreign manufacturing locations for strategic or financial reasons. LG is considering shifting some of its video cassette recorder production from Germany, either to Ireland or to its recently extended TV and microwave oven plant in New-

The strength of the D-Mark makes it difficult to make a profit manufacturing in Germany, says Henry Kim, man-ager of LG Electronics' strategic planning department. The company, which plans to invest \$1.5bn by the year 2000 expanding its overseas prodoctioo network, bas already shifted TV production from a plant in Alabama to Mexico. Samsung's Wynyard complex will initially produce microwave ovens and computer

company was announced in May when Hyundai Electronics said it planned to spend \$1.3bn oo a semiconductor plant at Eogene, Oregon, Hyundai said

it would be the world's largest

monitors, and marks Korean

industry's biggest investment

Elsewhere, the most impor-

tant developments have come

The single largest invest-

ment anywhere by a Korean

in western Europe.

memory chip factory. Samsung has also decided to build a semiconductor plant in the US costing more than Sibn and sited either in Oregon or Texas, says Kang Hyo-jin, general manager of Samsung Group's overseas planning division.

Daewco Electronics, which is

not yet in the semiconductor business, is studying a plan to begin making non-memory chips. It would need a partner. says Chung Hee-myung, executive director of the company's overseas regional division which suggests that it. too.

Overseas production of Korean cars, which hitherto has primarily been based on knockdown kits, is also entering a new phase. Daewoo Motor, the third biggest Korean car maker, has an ambitious plan to be producing 2m vehicles by the end of the century, split equally between domestic and cverseas production.

might look towards the US.

On top of existing joint ventures in india. Romania and Inconesia, new projects are under way or being considered

in Uzbekistan, the Czech Republic, Vietnam, the Philippines and Iran. An automotive components plant is under consideration in China, which may lead later to full-scale car production. Daewoo is also negotiating to buy FSO, the Polish state-owned carmaker.

The new joint ventures will start producing on a knockdown basis for the first two years, but production will be iocalised after that. The overall aim is to exploit developing markets with growth potential, and to spread the \$300m deveiopment cost of a new model over a wider base, says Lee Sung-sang, Daewoo Motor's director for business planning and analysis.

The most intriguing part of Daewoo Motors' overseas plans

concerns western Europa, B improving quality levels mark year in Romania and Dates. stan. Daewoo hopes it will be able to export cars from these to the rest of Europe by the early years of the 21st century These would replace cars imported from Korea, where labour costs are higher.

Meanwhile, Daewoo hopes to use its direct investments overseas to enhance the comme tiveness of its domestic plants It plans to begin component manufacture in India and Romania, enabling it to send engines and gearboxes back to

Korea. The potential takeover of FSO shows that Korean compa nies are not afraid to make acquisitions in their quest for globalisation, although green field altes are preferred Recently several big takeov have been announced which have partly been motivated by a need to acquire technology. but also to gain an importamarket position. The purchase this year of

Zenith Electronics, the 68 TV set manufacturer, gave LG Electronics the US market share it had tried without sorcess to build on its own says Mr Kim, Samsung Electronics purchase of a 40 per cent stake in AST Research, the US personal computer manufactures. brought the Korean group a distribution channel in an area where it was weak, says Mr

It is a sign of the Koreaus' growing confidence oversess that they have been prepared to take over financially shaky companies if these meet the overali objectives of market ccess and/or technology gain. So far, their record in turning round these companies, using the Korean strength in mass-production management, bas been impressive. Samsung's colour picture tube factory in Berlin was losing \$50m a year before it was acquired in 1993, says Mr Kang. It is

■ Corporate finance: by John Burton

# Tables turn on traditional sources

Companies are being encouraged to reduce dependence on bank loans

Until recently, every New Year boliday, Korean corporate managers paid bomage to their bankers by visiting their beadquarters to offer congratulations. It was a necessary and important ritual because the banks were the main source of corporate financing.

Times bave changed. "Now the bankers are visiting us at New Year," said one senior executive at a big electronics company. Banks are now desperate to lend to the company, which is raising 85 per cent of its current funds from the stock and bond markets.

Korean bankers may have to visit more corporate offices in the future. One of the main goals of Sonth Korea's financial liberalisation programme is to persnade companies to reduce their dependence on bank loans and raise more capital from financial mar-

The shift in corporate financing sources is meant to relieve pressure on Korea's overstretched banking system, which is suffering under a burden of bad loans. The government also wants to reduce the economic power of the country's huge industrial conglomerates, or chaebol, and change their structure.

The increased issuance of shares by the chaebol would dilute the family ownership of the groups. Most chaebol subsidiaries are closely-held. Samsung, Korea's largest conglomerate, has listed only 12 of its 55 subsidiaries, while a mere 11 of Hyundai's 47 subsidiaries are publicly-traded.

Officials hope that the market discipline imposed by outside investors will force the chaebol to depose of unprofitable businesses and improve their efficiency by concentrating on core activities.

The chaebol have tended to expand relentlessly because of their prefarential access to bank loans, which has undermined efforts to operate the groups on a cost-effective basis. The government, anxions to force the chaebol to increase direct financing from capital markets, has imposed a ceiling on the percentage of total loans that banks can give to the chaebol.

Interest rates on soft "policy" loans, which are given to strategic industries favoured by the government, are being deregulated. These subsidised ioans, which have been a main instrument in building np Korea's industrial structure, are scheduled to be phased out by 1997. The government is aiso easing complex listing continue to be so, at least in

requirements that have preveoted companies from becoming publicly traded.

The policy has already borne some success. Direct financing accounted for 49 per cent of Won52,800bn in total corporate funds during the first half of 1995 against 34.8 per cent a year earlier. Twice the amount of funds are being raised in the bond market than in the stock market. Borrowing from financial institutions shrank to 33.7 per cent during the same period, down from 51.2 per cent a vear ago, in addition, more than 200 companies are queneing up to be listed on the Seoul stock exchange.

A big obstacle, bowever, to increased direct corporate financing is the scarcity of capital in Korea. The stock market has suffered from periodic iiquidity shortages, limiting possibilities for the chaebol to list shares.

Capital from overseas investors could help relieve the

Government policy is contradictory and it is likely to continue be so, at least in the near future'

liquidity shortage. But the government has so far limited foreign shareholdings in listed companies to 15 per cent ecause of fears that a massive inflow of overseas funds would increase inflationary pressure.

The absence of double-taxation treaties on capital gains with Japan, Germany and Hong Kong, which are potentially large sources of investments, has further slow down the inflow of foreign capital into the stock market.

Compounding the problem is frequent government intervention in the stock market. Officials have held, for example, back share issnes when the market is bearish to prevent stock prices from dropping further as a result of a surplus in share offers.

in the case of the Hyundai industrial group, the government blocked approval for it to issue initial public offerings for Hyundai Heavy Industries, the giant shipbuilding unit, and several other Byundai subsidiaries for political reasous. Officials wanted to impose financial sanctions on Hyundal after its founder stood against President Kim Young-sam in a 1992 national

election. "Government policy is contradictory and it is likely to

tbe near future," said Lee Haho-koo, president of the Daewoo Economic Research Institute. "The move toward direct financing is being hampered by political factors because the bureancrats want to maintain inflnence over the

financial markets." However, the government is trying to increase the flow of markets through other means. A recent change in the tax laws imposed ievies on interest income from most financial instruments except stocks and long-term bonds, which make them attractive tax havens for investors.

Analysts expect a surge of funds into the stock market until 1998, when a capital gains tax will be levied on sbares. Korean companies, which normally rely on threeyear bonds, are planning to increase the number of their long-term bond issues with a maturity of at least five years.

Corporate executives would prefer to tap foreign financial markets where interest rates are lower, but the government has imposed ceilings on how much capital they can raisa abroad. The current yield on benchmark three-year corporate bonds in Korea is, at 12.5 per cent, almost twice the rate prevailing in main overseas capital markets. Officials argue that controls

over overseas borrowing are necessary to prevent Korea's overleveraged companies from accumulating further debt, particularly in foreign hands.

The government, however, has promised to substantially liberalise overseas borrowing rights by 1999 and has begun relaxing restrictions. Foreign borrowing by Korean compa-uies jumped to Won4,000bn during the first half of 1995 from Won1,700bn a year ago.

Korean companies were granted permission by Seoul last year to list their shares on foreign bourses. Pohang Iron & Steel (Posco) and Korea Electric Power, both stateowned enterprises, were the first to be listed on the New York Stock Exchange last

The London Stock Exchange bas received several Korean depositary receipt listings this year, including Korea Mobile Telecom, Mando Machinery and Hyundai Motor, while Samsung Electronics and Posco are expected to be listed shortly.

But Korea's murky account-

ing practices are proving an obstacle to some listings, particularly on the New York Stock Exchange, which demands consolidated accounts for three years prior to the listing. This is proving difficult for Korean companies, which often produce less detailed accounts than required by the NYSE.

Ambitious schedule begins to slip A buoyant stock market last suffering from a liquidity the finances to buy the state A weak bourse and state hesitancy has set back the sale of

government-run companies South Korea's ambitious privatisation programme is faltering only two years after its

Privatisation: by John Burton

launch. The government in 1993 announced that it would sell its shareholdings in 58 of the 138 companies that it wholly or partially owns, while merging and Chemicals by Samsung to increase their share issues another 10. Officials predicted that at least Won7,000bn would be raised from the programme by early 1998, when it was scheduled to be completed. Proceeds would be used mainly to finance an improvement of the country's overburdened

infrastructure. The privatisation programme was hailed as a centrepiece of President Kim Young-sam's economic deregulation policy. Mr Kim criticised state companies for inefficient management, although most are profitable due to the monopoly status often enjoyed in their respective sectors.

Privatisation got off to strong start with the sale of atakes in stata-controlled banks and telecom operators.

year led to the successful listing of Kookmin Bank (formerly Citizens National Bank) and Korea Exchange Bank.

Domestic financial institutions bought an initial 20 per cent stake in Korea Telecom, whila the government sold a controlling interest in Korea Mobile Telecom (KMT) to the Sunkyong group and reduced its shareholding in the com-

pany to 20 per cent. Other big sales included the purchase of Korea Fertilizer and Korea Tungsten Mining by the Keopyong textile group.

This year, bowever, the schedule has slipped badly. The government planned to list Korea Telecom by offering 14 per cent of its shares to the public, while completing the privatisation of the Kookmin and Korea Exchange banks and KMT through additional share issues. It also wanted to reduce its sbareboldings in some of the biggest companies under its control, including Korea Gas, Korea Heavy Industries & Construction (also known as Hanjung) and Nam-

hae Chemical. However, with the exception of Namhae, these plans are likely to be postponed. The weakness of the stock market. shortage, is a main reason. Officials feared the listing of state companies would create a surplus of share issues, further reducing stock prices.

The probable delay in listing Korea Telecom until next spring would set back plans to privatise the company compietely by 1999. Moreover, other state companies scheduled to be listed on the Seoul bourse will have to compete for scarce capital against private companies, which are expected

over the next few years. Liquidity problems in the market would be eased if foreign investors could buy shares in the privatised companies. But present by-laws of the state enterprises in many cases probibit foreign ownersbip. although these restrictions may be relaxed, as they were for the Kookmin and Korea Exchange banks.

The government has used public tenders as an alternative to share issues in privatising companies. But this raises the question of bow to implement privatisation without strengthening the country's powerful industrial conglomerates, or chaebol.

In most cases, the chaebol are the only organisations with

Korean banking profits and bad loans

Change in profit

rom year earlier

down 90 per cent

up 120 per cent

down 91.5 per cent

down 11 per cent

companies directly from the government. Handing over ownership of state enterprises to the chaeboi wonid go against government efforts to reduce the economic dominance of the groups. Officials have already imposed limits on the shareholdings the chaebolcan acquire in state companies

being listed. acquire control of Korea Gas. the nation's sole gas supplier, power generation equipment.

The LG and Sunkyong groups, which operate big oil refining and distribution businesses, have expressed interest in Korea Gas. Hyundai and Samsung among other groups regard Hanjung as essential in expanding their beavy machinery operations. Bnt government research institutes have recently released reports suggesting the privatisation of the two companies should be delayed until 1998.

The Korea Energy Economics Institute said the early privatisation of Korea Gas could set back construction of a national gas pipeline network. Meanwhile, the Korea Institute for Industrial Economics & Trade said a delay in the priva-

Bad loons as % of

total loans for and-Jun 1995 and

end-Dec 1994

1.7/1.2 0.8/0.6

1.0/0.8

2.7/2.3 0.9/1.0

tisation of Hanjung was necessary to develop a ownership structure that would ensure a fair dispersal of shares among ampioyees, domestic compation manufacturers. The recommendations have

increased speculation that the government may want to shelve privatisation plans for the two companies and keep The chaebol are eager to them under its control. The government also appears to be retreating from earlier commitand Hanjung, which has a ments to give up its controlling monopoly in manufacturing stakes in Pohang Iron & Steel ments to give up its controlling and Korea Electric Power, the two crown fewels of the state industrial sector.

Resistance to privatisation is strong "in the hureaucracy and among public sector workers and the government does not want to alienate them", as parliamentary and presidential elections approach, said Lee Hahn koo, president of Daewoo Economic Research Institute. This will likely mean that privatisation will slow down," until the election cycle is completed in 1997 because "it represents a big political problem for the government." Ministries are reluctant to relinquish control of the groups they command, while state workers worry about losing their jobs due to privatisation.

Banking: by John Burton

# Institutions face rigours of the market

Net profit for first

Won12.2bn

Won34.5

loss of Won138.2bn

Won31.1bn

minus Won23.8b

Won62.5bn

Competition is stretching the resources of a sector already hit by bad loans

South Korean officials describe 1996 as the take-off period for financial liberalisation after several years of careful preparation. But doobts remain as to whether the nation's banks can weather the rigours of a more market-oriented system.

Commercial banks are already feeling the effects of interest rate deregulation, the first big step in the liberalisation programme. Interest rate liberalisation.

which began in 1991 and is expected to be completed by 1997, is beginning to narrow the once-fat interest margins as banks compete to charge lower loan rates and pay higher premiums on deposits. Analysts believe the margins have not yet shrunk significantly only because government regulators have used informal window guidance to keep the interest rate mechanism stable to avoid harming

the banking system. Ranks are also losing business as the government pushes companies to reduce their dependence on bank loans and raise more capital in the financial markets. One result of this is that banks are relying more on less creditworthy companies for their business as the big industrial groups shift to

direct financing. With tha threatened fall in interest income and secure corporate lending, the banks are pursuing the risky strategy of using capital gains from securities to bolster profits. The ratio of bank holdings in stocks has climbed from 8.2 per cent of total assets in 1991 to 13.7 per cent in mid-1995, according to the Korean central bank.

Cho Hung Benk

Korea First Bank

eoul Benk

Shinhan Bank

dends last year as the stock market provided the banks with more than \$1.3bn in capital gains.

The strategy paid good divi-

But the dangers of relying on the bourse for profits became apparent this year as the market turned weak. The 25 commercial banks reported a combined loss of Won72.6bn during the first half of 1995 against a total profit of Won571bn a year ago. The deficit was incurred as the banks were forced by the authorities to set aside

Won79bn in reserves for potential stock market losses.

Continued weakness in the stock market would also set back efforts to reduca tha banks' pile of bad loans. The banks used last year's capital gains to cut the amount of nonperforming loans from Won2,955bn at end-1993 to Won1,925bn at end-1994. But a aeries of corporate bankruptcies and the introduction of new and broader criteria to identify problem loans sent the figure climbing to Won2,733bn by the end of June, almost wip-

ing out the progress achieved. Moreover, the extent of the problem remains unknown. Government and bank officials have been blamed for hiding the growing troubles of the banks. The Office of Bank Supervision bas soggested that the amount of non-performing loans could reach Won11,000bn. The burden falls heaviest oo the six leading and oldest banks, forced for

decades by the government to make low-interest, and often risky, loans to designated

The Organisation for Economic Co-operation and Deveiopment has suggested the pace of financial liberalisation could slow as Korean officials worry that rapid deregulation could iead to a banking collapse. Such a delay would jeopardise Korea's plans to join the OECD by the end of next year.

Analysts balieve dereguiation will allow the banks to recover by permitting them to enter new businesses. Korea is moving cautiously

toward a universal banking system that would break down the barriers between commercial and investment banking Reduced government intervention in bank management

means the banks can broaden their activities. Plans to phase out the low-interest industrial "policy" loans by 1997 will give them freedom to make credit decisions on a profit-oriented basis rather than obeying state rules on lending practices. Still more may have to be

done to stabilise the banking

Moody's Bank

financial strength rating (BFSR) with E

E olus

D plus E plus

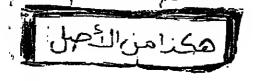
Source: Bank of Konss

sector. The finance and economy ministry is hoping for a consolidation of the industry through voluntary mergers. although none has yet occured. But analysts express scepticism that mergers will take place. "The banks have strong independent identitles and mergers could cause corporate cultural clashes among employees, hindering bank operations," said Eugene Yun, chief economist at Schroders

recapitalise banks by attracting outside investors. But the government, in a move to limit their dominance, bas banned the country's industrial groups ~ the largest potential source of funds - from gaining stakes of more than 4 per cent in

An alternative would be to

Securities in Seoul.



#### SOUTH KOREA: TRADE INDUSTRY AND FINANCE 3

e e recenta de la compansión de <u>en establectual de la comp</u>etencia de la competitación del competitación de la competitación del competitación de la competitación del competitación del competitación de la competitación del competitación del competitación de la competitación del compet

Technology and R&D: by Andrew Baxter

# Looking to home territory

Industry, which has koo, president of Daewoo Research Institute. There is foreign input, is improving its own R&D capabilities

" Transit Sules

2 - 2 - 2

A Charles Control

Korean industry, which for years has relied heavily on technology transfer from western and Japanese companies, is improving its own research and development activities and buying foreign companies which offer much-needed technology assets or engineering expertise

The shift in emphasis reflects the universal recognition among the chaebol (conglomerates), government technology policy officials and obaervers that Korea needs more strings to its bow than its mastery of mass production.

At the same time, it is accepted that foreign companies are increasingly reluctant to transfer technology to the Koreans. "Our R&D has fallen behind," says Dr Lee Hahn-

The sensitivity of foreign

transfer is illustrated by the

companies to the risks

inherent in technology

case of the Seoul-Pusan

high-speed rail project. A

Japanese bid to build the

trains was rejected because

builders of the shinkansen

"bullet trains" could not

After a bitter battle

(InterCity Express)

related equipment.

between GEC Alsthom and

Siemens, respectively the

TGV Consortium won a

builders of the TGV and ICE

high-speed trains, the Korean

tightly priced \$2.1bn contract

last year for 48 train sets and

The four foreign partners

in the consortium, Enkorail,

technology transfer, while 50

have guaranteed complete

per cent of the contract, by

technologies.

accept the Koreans' demand

for full transfer of all the key

still a wide technology gap. between Korea and Europe or the US."

In 1992, Korea spent 2.17 per cent of gross national product on R&D, compared with 2.6 per cent for the US and 2.72 per cent for Japan. The Korean figure has risen slightly since then, but the government's target, boosting R&D to 5 per cent of GNP by the year 2000, still looks a long way off.

The historically low levels of R&D spending - less than 1 per cent of GNP a year before 1982 - are a result of the reliance on imported technology. In 1993, Korea's receipts for exporting its technology were just 5 per cent of payments it made.

In the uncertain climate for technology transfer, the development of Korea's own R&D resources becomes increasingly important if its industry is to complete the transition from labour-intensive to technology-intensive status.

The private sector accounts

value, will be made in Korea.

Korea has a railway supply

Berton, Rukorail's executive

vice-president, but lacked

airtightness technology to

prevent a pressure wave in

up 30 per cent of the route.

special bogies, traction and

electrical current systems.

A complex, progressive

transfer is under way. The

estimates that 1.025 workers

in 60 specialities will receive

training. Korean companies

in the consortium are paying

for a further 600 man-months

Whether the Japanese were

right to refuse full technology

transfer to the Koreans is

process of technology

Korea High Speed Rafl

Construction Anthority

4,979 man-months of

of training.

the tunnels which will make

technologies specific to

high-speed trains:

industry, says Francis

CASE STUDY The Seoul-Pusan high-speed rail project

Not without risks

for about 80 per cent of Korean R&D spending, but the government is encouraging technological innovation. Its industrial technology policy for competitiveness has four targets: · development of strategic

technologies; huilding a technology infrastructure; effective commercialisation and deployment of new technologies and

promotion of international

technology co-operation.
Upgrading the technology infrastructure is the priority, says Paik Man-gi, director of the industrial technology planning division at the ministry of trade, industry and energy.

Electronics companies, already spending much more than the national average on R&D, are stepping up their investments. Daawoo Electronics, for example, aims to lift its R&D spending from 8 to 10 per cent of sales by the year 2000.

To help achieve this, Daewoo has set up research and engineering centres from San Jose

debatable. Recent press

Seoul to Mokpo in

reports in Korea suggest a

second high-speed line, from

sonth-western Korea, will use only local equipment. But the

technology is changing fast

and Korea has not been given

access to the technology to be

models, nor to the Europeans

Jung Young-wan, director

of the authority's technology

management bureau, says

would need outside help to

develop a second generation

train, travelling at speeds of

about 350kph against 300kph

Nor is it certain that Korea

Korea can build its own

high-speed system but it

for the current project.

would emerge as a new

markets - which is why

technology donors tend to be

uneasy about transfer deals.

competitor in foreign

used on forthcoming TGV

conceptual design work.

research at SBC Warburg Securities in Seoul believes it is important for the Korean semiconductor industry to develop a presence in non-memory chips, which are more specialised and profitable than those, such as D-RAMs, on which its success has been based.

and Fukuoka in Japan.

quicker route.

Buying companies with

important or promising tech-

nology, however, can be a

In electronics, Samsung has

bonght 40 per cent of AST

Research, the US personal com-

puter manufacturer, for \$378m,

and narrowly lost a battle with

Hyundai Electronics to buy the

semiconductor operations of

AT&T-Global Information Solu-

tions. The \$340m deal will enable Hyundai to begin pro-

duction of advanced non-mem-

ory chips. Hyundai bas also

paid \$150m for a 40 per cent

stake in Maxtor, a San-Jose based producer of hard disk

drives, while LG Electronics is

paying \$351m, including \$165m of direct investment, for

Zenith, the last US-owned man-

Richard Samuelson, head of

ufacturer of TV sets.

But be is not "completely convinced" that some of the companies purchased by the Koreans will make them world leaders. The key mahufacturers of central processing units are Intel and Motorola, and they are not available for the Koreans to buy.

The Koreans, though, believe the deals make good sense. "Even if the technology acquired is not at the absolute core, it can be a way in that takes you to the core," says Kim Suk, executive director and group treasurer at Samsung Group.

Buying technology-intensive overseas companies can also belp Korean industry address the shortage of engineers and designers at bome - a consequence of the long history of importing innovation.

Daewoo Motor's purchase of the IAD facility, for example, has put it in a strong position at a time when both Samsung and SSangyong are planning to enter the car industry, and the government has said it will not allow companies to "poach" engineers from rivals.

Inward Investment: by Emiko Terazono

# Entry still a difficult process

In spite of state efforts to open up the market, several obstacles still block foreign investment

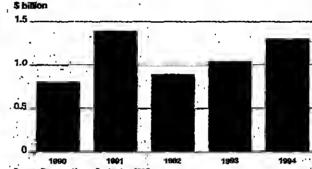
A day rarely passes in Korea without talk among corporate executives or word in newspapers about "globalisation". According to Korean government officials, the initiative includes the "comprehensive and substantial" opening of the country's domestic markets. But while the fall in new foreign investment has been

reversed over the past year thanks to simplified approval procedures and new incentives, just what the self proclaimed openness means in terms of opportunities for foreign exporters and investors remains unclear.

Bilateral trade negotiations between the US and Korea over the opening of Korea's car market is a case in point. While the Koreans conceded by agreeing to lower registration taxes on cars with bigger engines, the US carmakers are expected to gain little from the agreement since the changes will benefit Korean models even more.

The main stumbling block for foreign exporters is the existence of non-tariff barriers. According to the Political and Economic Risk Consultancy, a Hong Kong-based consulting company, Korea ranks second in discrimination against forelgn investment following

#### **Inward** investment



Structural barriers faced by foreign exporters, according to the report, include lengthy customs clearance times, ambiguous regulations and anti-consumption campaigns led by the private and public sector. Foreign investors, meanwhile, suffer from a lack of skilled workers and have to compete with Korean companies allegedly employing illegal foreign labourers.

The government's push for self sufficiency is also bad news for foreign exporters. In May, the government announced its "import substitution" programme affecting 105 products imported into Korea. This is likely to burt the European Union, since the list includes products such as machinery and electronic components, which the region currently provides.

On the foreign investment front, the telecommunications, construction and oil refining sectors are among industries touted to be opened to foreign competition over the next few years. However, analysts donbt that there will be a rush of activity by overseas corporations to enter the market.

One problem foreign teleeager to raise the overall quality of construction coms operators face in entering With the government launchthe Korean market is the absence of switching systems. ing its long-term infrastructure Creating a new system is not plan to upgrade ports, bridges, feasible since it will mean vast and roads, opportunities for investments. Jon Chong-hwa, newcomers seem large. But do not expect the doors to open analyst at Baring Securities points ont that opportunities immediately, says Bill Sohn, for overseas corporations will construction analyst at Schrolie in the \$8bn equipment marders in Seoul. ket especially in mobile tele "It will take too much capital phones. Demand for mobile

and time for foreign general contractors to build up a network of subcontractors whose skills are up to western standards," be says. Instead, the lack of qualified supervisors and consultants in

phones is expected to rise by

an annual 53 per cent by 1997. In the \$80bn construction

market, the government wants

to rationalise its industry

abead of the market opening in

1997 through a shift away from

its emphasis on price when

granting projects to quality

and technology. And after the

spate of embarrassing con-

struction disasters including

the collapse of Seoul's Songsu

Bridge and Sampoong Depart-

ment Store, the government is

Korea, provides opportunities for foreign companies. Foreign companies may find entering specialised areas such as electrical plant engineering easier. In the oil refinery sector, the openings are likely to be limited because of the huge capi-

tal investment in refining facilities involved for newcomers and the government rule which limits refining capacity to 130 per cent of domestic con-

The government is eager to raise the quality of construction

sumption. Price wars among oil refiners also makes enter-ing the market difficult. in the end, foreign compa-

nies will ask themselves whether it's really worth it." says George Goundry, analyst at Jardine Fleming in Seoul. Meanwhile, deregulatiun presents a dilemma for the government. It has tried to use regulations to rein in the chae-

bol. or conglomerates, which dominate a vast chunk of the country's economy. This tactic has so far only distorted the market since market entry restrictions shel-

tered the chaebol and increased inefficiencies at the small companies the restrictions were supposed to protect. Many fear that removing regulations will allow other chae-

bols to expand further. The size of the conglomerates means loss-making affiliates can continue operating through subsidiaries from other parts of the group. Long-term relationships tha chaebol have built up with politicians, clients and the government also help sustain mefficient subsidiaries.

These large corporate groups bave been Korea's strength in the past, but they now threaten to hamper competitiveness.

As "globalisation" pushes Korean companies further into the international business arena, the country will face more pressure to increase opportunities for foreign players in its domestic markets.

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Steel industry: by Andrew Baxter

# Old sector, new frontiers

Why the country's producers must be the envy of their western counterparts

Oblivioos the boom-and-bust cycles shaping the fortunes of their counterparts in western countries. Korean steel producers are rapidly expanding capacity to exploit the expected sharp growth in domestic and regional demand

The expansion is being led by the nation's only integrated producer. Pohang Iron and Steel (Posco), which dominates the flat products market and has a domestic share of about 70 per cent. It is adding a fifth hlast furnace, with a crude steel capacity of 3m tonnes a year, at its Kwangyang works. bringing its total number of hlast furnaces to Kwangyang and Pohang to nine.

Aloug with other expansions, including new electric arc furnace minimiles and a 600,000 tonne-a-year Curex (direct reduction melting) facility at Pohang, Posco's total capacity is expected to rise from about 21m tonnes a vear to 28.5m hy the year 2000.

The other steel producers minimills that use electric arc furnaces to make products for the construction industry are also expanding. Projects are being considered, have been announced or are under way at companies such as Haubo Steel, Kia Steel. Dongbu Steel, Union Steel, luchou Irou and Steel and Hwan Young Steel.

The expansion is being eucouraged by the goverument, which recently extended a soft loan rate scheme for the industry. Producers are also benefiting from tax breaks and favourable locations, notably the Asau Bay government euterprise zoue.

Yet, while the government has redoced its influence on the iudustry, it still canuot resist some interference. A plan by Hyundal to build a 10m tonne-a-year integrated steel mill is considered unlikely to go ahead. ostensibly because a plant of such a size would be too big and inflexible, but possibly



orks: steel producers are rapidly increasing capacity

Felix Otto D'Souza of Dong-

into the market, car produc-

tinu will rise to 3.1m units in

1998, 50 per ceut up on its

1993 level of 2m. Meanwhile,

the shiphuilding industry is

The outlook is also improv-

ing for producers of construc-

tional steel. "Their hig prob-

lem has been construction

demand," says Mr D'Souza.

"Large infrastructure projects

were delayed because of fears

that the economy was over-

heating, but several hig pro-

jects cousuming enormons

amounts of steel will start

soon." Even with the planned

increases in capacity, he says.

there will still he a production

deficit of about 1m tonnes of

Recent expansion overseas

has also been led by Posco.

Two modest joint ventures in

Vietnam - Posvina for coated

steel sheet and the Vinapipe

pipe mill - bave been followed

by the much more significant

VSC-Posco Steel project in Hai-

phoug, which will have annual

2000

14.5

47.9

growth (%

Korean crude steel

equivalent supply and demand forecasts

29,4

38.9

(3.4)

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Sturte. South horea Steel Association and Dongtoning Feregate estimates

26.7

crude steel equivalent in the

expanding capacity

response to new orders.

Boosted by Samsung's entry

bang Peregrine Securities.

because of political opposition too. Hyundai uses 6m tonnes a year in its car, shipbuilding and electronics husinesses. and the steel mill plan was vigorously opposed by Posco.

It is understood the governnt also insisted that Posco add the ninth blast furnace rather than take a more complicated technology route - so that Korea's shortage of flat products could be addressed as quickly as possible.
Overall, the expansious

should raise Kurea's total crude steel capacity from about 40m tonnes today to nearly 50m by 2000, of which about balf would come from the minimills. Posco wnuld become the world's higgest producer, even if Nippon Steel's capacity remains

The expansious will cause severe financial strains and potentially beavy losses amoug some of the smaller minimill producers, but analysts believe they make seuse frum a loug-term industrial perspective. All big steel cousnming sectors are set to increase demand in the coming years, according to Mr

Total demand

Total production

Blast furnace/Corex

capacity of 200,000 tonnes in long products - bars and wire rods. A 100,000 tonne a year joint venture galvanising mill is planned for China, where Posco is already huilding a coil processing centre at Tianiin. A strong presence in China is seen as desirable, not only to serve the local market but also, say observers, to anticipate any move by Posco's customers to begin production in the Korean car industry. Posco has also invested in a

ese steel service centre, while, upstream, it has formed Kobrasco, a 50/50 joint ven-ture with CVRD of Brazil to build an iron-ore pelletising plant to Brazil. The new blast furnace will sharply increase Posco's need for iron ore peliets, and more than half of the plant's 4m-tonne annual output will be bought by the Korean steelmaker.

Two other Korean steel companies, meanwhile, are involved in projects in Venezuela. Dongkuk Steel is in a joint feasibility study, which includes Japan's Kohe Steel. for a plant at Ciudad Guyana that would produce slabs for export to Korea. Hanbo and a subsidiary of CVG, the Venezuelan mining and industrial group, are to build an iron ore pelletising plant.

Expansion in neighbouring countries will belp Korean steelmakers maintain and develop their export markets. At the same time, the increases in domestic capacity will enable them to satisfy regional demand - boosted by investment in infrastructure and by the strength of the yen. which has belped the industry

Posco has achieved what would have been unthinkable even five years ago by beginning to supply steel to Japan's ultra-fastidious carmakers underlining how Korean steel is now rivalling Japanese

Bot the Korean producer is obliged to meet its domestic customers' orders fully, and its exports bave dipped from about one third of production in 1992 to about 25 per cent. The ratio will rise again, Mr. D'Sonza helleves, after the new blast furnace comes on stream in 1997-98.

Shipbuilding: by Andrew Baxter

# Taking on the world

The drive to win more international orders has its detractors in Japan and the EU

Korea's shiphuilders are alarming their rivals in Japan and the European Union by a number of ambitious shipyard expansion projects designed to strengthen their market position further.

The highly axport-oriented industry already produces one in four trading vessels operating in the world, but is coming under fire for potentially exacerbating overcapacity in the cyclical world shipbuilding market. "The big Korean shipvards are competing with each other to be the largest," says oue European observer. "It's irrational, and not part of a national strategy.

But the shipyards that are making, or have completed, the expansious defeud their actions. Hyundai Heavy Industries, which completed two new VLCC building berths this year at its Ulsan shiphuilding complex, says the expansion is aimed more at improving efficiency and working conditions than at raising output.

The government imposed a ban on capacity expansion in 1989 as part of a rationalisation programme for an industry that was in deep trouble because of stiff price competition, wage increases and labour problems. State support was needed to keep some of the yards open.

Since then, its fortunes have been transformed. A key move was made in 1993, according to recent report on the world shipbuilding industry by Barry Rogliano Salles, the Paris broker. To stimulate sales at a time of persistently low freight rates and worsening recession in Japan and Europe, Korean yards reduced prices by a further 5-10 per cent in spite of the US recovery and vigorous growth in south-east Asia.

It was an aggressive tactic and paid off. For the first time. Korea's year-end order book for 1993 exceeded that of Japan's, at 17.8m dead weight tonnes (dwt) against 15.9m. The Korean berths were kept busy with orders scheduled for delivery in 1994 and 1995, even winning business from Japa-

nese shipping companies Yune Won-seok, president of Daewoo Heavy Industries, sees a number of underlying factors in the Koreans' success, technically and in volume terms,

"We have had comparatively cheaper wages than the Japanese, although our advantage is not as great as it was," he says. "Our engineering and technology levels are very high, relative to other industries in Korea, and we are almost independent in technology, while other industries are still fairly dependent on for-

eten technologies." Currency has played an important part, too. South Korean competitiveness has been bolstered by the rise of the Japanese yen against the dollar, in a world market that is largely dollar-denominated. The Koreans also bave access to reasonably priced, good quality components including home-

produced steel plate. But the Japanese fought

new complex at Mokpo, in south-western Korea.

Overall, the expansion plans will lift the industry production capacity from a theoretical annual maximum of 4.5m gt to 7m-7.5m gt by 1997, which would give the Koreans about one third of the world market if all the capacity was used

Criticism of the expansion has been led by the EU and Japan, which have warned that the new capacity could disrupt world shipbuilding markets and undermine implementation next year of the 1994 OECD treaty to phase out subsidies in the industry.

This makes the timing of the expansion sensitive raising the prospect of the Koreans increasing their market share while others go under. As Ahn



A dry docic ambitious expansion projects have created controversy

back last year. After the Koreans took top place in new orners for 1993, at 9.5m gross tons (gt), they slipped back to second place in 1994. The yearend order-book stood at 15.6m dwt. compared with 21.1m for the Japanese, according to ovd's Shipping Economist.

This was partly due to aggressive pricing from the Japanese but also to the Koreans' limited capacity only half that of Japanese yards. Meanwhile, though, the Korean government had lifted its ban on new capacity, imder pressure from Samsung Heavy Industries, whose shipyard on Roje Island was small by Korean standards.

Samsung's plan was to dou-ble capacity by expanding its second dock and building a third - completed last October. It was vigorously opposed by rival shipyards, yet some of them have since announced their own hig expansion projects. Apart from Hyundai, the main project is at Halla Englneering and Heavy Industries,

Teck-sang, general manager for sales administration at Samsung Heavy industries' shipbuilding division, admits: "Governments will not be able to give help to their shipbuilding industries. So we expect the companies that cannot operate profitably will naturally go out of business.

However, Korea, while not yet a member of the OECD. was a signatory to the treaty and has stressed that the expansions were private-sector decisions. The EU believes it has made good progress in winning Korea's acceptance that It will no longer rescue shipbuilders that get into trouble through excessive expansion.

The Korean shipyards do not envisage that happening, and in the short- and medium-term, at least, they could be right. In the first half of this year the ships or 3.26m gt, up 65 per cent compared with the first stx months of 1994. Demand is due in part to the need for tankers built in the 1970s to be

replaced. Because of the strong yen, Japanese yards will not be able to meet expected demand he says.

Mr Yune shares Mr Abn's enthusiasm, but in contrast to its rivals, Daewoo has not expanded capacity. "It is not economically feasible for as be says. "The industry is already oversupplied with

capacity all over the world. Apart from the strength of the yen, the Rogilano report highlights a number of ressons why from the Koreans point of view, it makes seem to expand. These include expanding international trade levels. the Korean yards' improved productivity, and new environmental regulations that will require oil tankers built between 1970 and 1976 to be replaced

At present, Korean yards hold most of the strong cards in their battle against their rivals across the East Sea (Sea of Japan). Labour costs are rising, but are still only about 66 per cent of Japanese levels; says Mr Yune. Even so, he adds, the fact that the Japanese side is still winning buildness shows that labour costs are not the only factor. There is still room for Korean varies to improve their productivity and expertise in design and production

Korean expansion looks more questionable from a long term perspective. It faces growing competition from China's fast-developing shipbuilding industry, whose only present advantage is on labour costs. "They are making big efforts to participate in this

business," says Mr. Almi. With 90 per cent of orders exported, the Koreans would also need to react to any long term revaluation of the won - a possibility if Korea. ever begins to generate Japanese style trade surpluses.

Some defensive strategies are already amerging, apart from continuing drives fo improve efficiency. The prodnct range historically mainly bulk carriers and container ships, will be broadened to include a bigger proportion of higher value-added vessels such as car ferries and cruisers, while imports of more labour-intensive components will be increased.

But the combination of new low-cost competition, less industry won orders for lattrafavourable terms of trade and another shipbuilding recession could land the Koreans with an overcapacity problem in the rising sharply, says Mr Ahn. early years of the 21st century - and nobody to turn to for

■ Domestic production: by Andrew Baxter

# Undaunted by long-term worries

Expansion continues despite rising labour costs and a maturing of the market

While overseas expansion has been top of the agenda for big Korean companies over the past two years, ambitious plans for increasing domestic capacity have also been announced, in spite of rising labour costs and a maturing domestic market in some sec-

The reasons for the expan ston, in industries ranging from cars, electronics, and petrochemicals to steel and shipbuilding vary, as does the strength of the arguments to justify such moves.

In several cases, the increased capacity will only put new pressure on industry to expand exports at a time wben trade friction, the huild-up of rival industries overseas and other factors could make that harder to

According to the ministry of trade, industry and energy, facility investment rose nearly 60 per cent in the first half of the year to Won14,600bn, with the most active sectors being machinery, semiconductors, cars shipbuilding, steel and

The figure is based on a survey of 200 big companies, while the main reasons for the rtse in spanding were economic recovery in Korea and overseas, and the strength of the Japanese yen. Growth in spending was predicted to slow in the second balf because of the recent weakening of the yen.

Across many industrial sectors in Korea, expansion by one company tends to be followed by similar programmes at rivals.

in contrast with previous rounds of expansion in domestic industry, bowever, long-term risks are no longer beyond the horizon.

As labour costs risa in Korea, China is trying to build on its cost-advantage and develop industries that can compete fully with their Kor-

ean counterparts, towards the end of this century in some industries and a little later

elsewhere.
Meanwhile, exporters from
Korea have benefited strongly from the relative weakness of the won against the dollar, as compared with the strength of the yeu against the US cur-If Korea's development was

to mirror that of Japan's - as it bas in many respects already - it could begin to build the persistent trade surpluses that would bolster the won and worsen terms of trade for exporters.

None of these long-term concerns prevented a recent crop of expansion programmes in the petrochemical industry. In the late 1980s, money was being channelled into both semiconductors and petro-

> Controversy runs deepest over plans for expansion in the car industry

chemicals, but while the electronics investments flourished, petrochamical producers lost money because of

Last year, however, their fortunes changed when increased activity among customers and supply constraints caused hy a number of one-off events in the petrochemical industry led to shortages. The Korean producers sud-

dealy found their products in demand, and as the industry's finances swung into the black, the government was persuaded to lift its ban on new petrochemical capacity. Richard Samuelson, head of

research at SBC Warburg Securities, believes the petrochemical industry bas just two or three years "breething space" to benefit from capacity expansions.

Much of the increased demand will be in the form of exports from China, he says, but the Chinese are rapidly

industry, with new capacity coming on stream by 1999. Subsequently, the Koreans would find themselves with excess capacity. Dr Lee Hahn-koo, the inde-

pendently-minded president of Daewoo Research Institute, recalls being criticised for questioning the logic of the expansion. "The petrochemical companies were saying they could make a lot of money, even though many industrial analysts were saying it was uonsense to expand. But the individual companies may each have had their own rea-sons for going ahead."

The main justification of such schemes, ba says, is whether they can help compa-nies or industries maintain or improve competitiveness. In that sense, he says, it is difficult to be optimistic about the expansions in the petrochemical and shiphuilding industries, while those in steel, alectronics and cars should not cause too many problems for

The steel industry bas a good case for expanding capacity based on domestic growth projections, let alone the expected rise in regional demand, while the Korean semiconductor industry bas been among the world's heavler investors at homa and

The focus of domestic spending in semiconductors and consumer electronics is shifting, though, from ontright expansion of production to investments that will allow greater concentration on higher value-added products.

Controversy runs deepest over the domestic expansion planned or under way in the car industry. Samsung is entering the market by opening its first car plant in 1997, with a target cepacity of 500,000 cars by the year 2,000. SSangyong, which produces commercial trucks and sports vehicles, plans to start car manufacturing in co-operation with Marcedes-Benz, reaching production levels of 150,000 units a year by 2000.

Daewoo Motor, Korea's third biggest producer behind Hyundai and Kia, is to open a new

car plant at Kunsan City next year with a capacity of 300,000 units. Its existing plant at Pupyong, near Seoul, has annual capacity of about

If all the projected plans go ahead, Korea will be producing 4.5m to 5m cars by 2000, compared with production last year of just 2.31m. With the domestic market projected to rise only slightly over the next few years, it means that Korea would bave to export about half of its production to fill

that capacity. "We expect the domestic market will be 2m units a year even after 2000," says Lee Sung-sang, Daewoo Motor's director for business planning and analysis. "By that time a maximum of 1.5m cars will be exported, so there will be a lot

of spare capacity.". But Samsung believes that there is a strong case for entering the industry. Kim Suk, a Samsung Group executive director, said the car was the ultimate combination of electronic and mechanicai expertise, in both of which the group had built up extensive expertise.

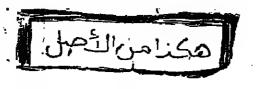
The rising proportion of alectronics in modern cars was also an attraction, while half tha globe, from eastern Europe to China, was undeveloped as e car market, Mr Kim said.

Samsung, he believed, would not be handicapped by being e late starter into the industry. By focusing on quality from the start, it would avoid the mage problems which existing Korean carmakers bave been trying to dispel by raising standards of finish and reliability.

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# Trade patterns shift

Alongside a shift to heavy industry, new markets are emerging in Asia and South America

Stage Stage

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Worries

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The Korean economy is experiencing growing pains. While the country is enjoying an export boom thanks to the high yen which has hit the Japanese, a change in trading patterns has flushed out structural problems in its export industries.

The decline in competitiveness of its light manufacturing industries has prompted a shift in exports to heavy industrial sectors. This has hurt the country'a regions which rely heavily on industries such as footwear, textiles and sports goods. Meanwhile, as exports in the heavy industry sectors have risen, Korea'a trade deficit has widened due to its reliance on foreign capital goods such as machinery.

In the first half of this year, Korean exports rose 33.6 per cent from the previous year to \$58.4bn, led by cars, semiconductors and petrochemicals. However, the trade deficit rose 88 per cent to \$6.9bn as imports climbed 37.8 per cent to \$65.3hn with machinery purchases up 51 per cent in the first five

months to \$7.4bn. The country faces a dilemma in that the more it exports, the wider the trade deficit will become. Heavy reliance on foreign imports is partly due to the export industries' emphasis . on capacity expansion rather

than product improvement and research and development. The government has been urging local business groups to upgrade their products and localise their production of parts and machinery, and has offered tax incentives to encourage Japanese machinery

duction to Korea. However, auch efforts have been piecemeal. "The rest of the economy hasn't caught up with these industries, and there is no cluster of economic activity surrounding them." says Eugene Yun, economist at

and parts makers to shift pro-

Schroders in Seoul. The light manufacturing sectors are also suffering. According to Schroders in Seoul. Korea's exports totalled \$96bn in 1994, double that of 1987. While the heavy manufacturing sector, including steel, machinery and electric equip-ment, jumped 2.4 times to \$44bn, accounting for 45.8 per cent of total exports, the light manufacturing sector which includes textiles, footwear and toys, only rose 13.3 per cent to \$18.5bn, accounting for 19.3 per cent of the total, down from

34.5 per cent in 1987. The shift in focus in exports away from light industries has been a natural outcome of the country's economic development, as better education has produced skilled workers and the rise in costs have eaten into already thin margins of light industrial goods, say.

This has hit regions that are reliant on light industries, while the rise in the yen has

exacerbated their problema since these industries import machinery and capital goods. from Japan. For example, the economy of Pusan, the country's second largest city referred to as the 'Mecca of footwear' - has been hit by rising costs and increasing competition from south-east Asia and China. And while amall and medi-

um-sized companies have been largely supported by the country's exceptionally high economic growth over the past few years, this could change hecause of a slowing of economic growth, say analysts. Bankruptcy rates are expected to rise in the near term once the economy starts to slow. Meanwhile expectations of further growth of markets in developing countries has prompted a sharp regional shift in exports. While exports to the US, European Union and Japan have risen moderately, the figure for Asia and China

tias surged. Between . 1987 and 1994. exports to Asia jumped 4.5 times to \$25.8bn and exports to China rose 38 times to \$8bn. mipared to a 12.2 per cent rise to \$20.5bn to the US and a 60 per cent rise to \$10.6bn to the EU.

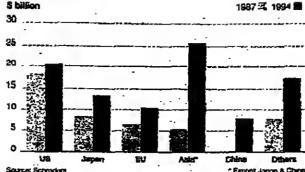
Although western and Japanese companies, still tend to view developing markets as low-cost manufacturing and export bases. Korean companies are aggressively pushing their products in markets such as south-east Asia, China and South America.

"In the past, emerging mar-

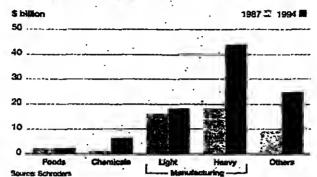


Beijing billboard: expectations of further growth in de

Exports by country



**Exports by commodity** 



kets were not important but we are encouraged now that governments are lifting regula-

says Lee Myoung woo, general manager of Samsung Electronics's global marketing group. Analysts point out that exporting low-end products to developing rountries will cushion earnings while the companies try to catch up with the west in terms of product technology. Samsung Electronics this year shifted its export resources from advanced markets to emerging markets, and

tions in various countries."

south America, where it had previously not been active. Developing markets provide greater opportunities for Korean companies since they are less influenced by the brand name images familiar in the

Daewoo says it is expanding

export sales of passenger cars

and electronics products to

west "In Latin America, Japanese brands are not thet familiar," says Jon Chong Hwa, analyst at Baring Securities in Seoul. department

A cynical view, however, is that the companies are turning to developing markets because of their lack of competitiveness in the advanced markets. There are also roncerns that increasing reliance on exporting low-end products to emerging markets could erode the incentive to pursue technology development.

Leading electronics makers deny such views, arguing that giving up on technology and quality development could damage global expansion, especially when the markets of south-east Asia and China are growing at such a rapid pace. Mr Lee at Samsung says the company is pushing ahead with new product development and technologies by setting up research development centres

in US and Europe. But he acknowledges that the development curve could slow for some companies. "Samsung has reached a satisfactory position in advanced Brand recognition: by Emiko Terazono

# Calling the consultants

Korean companies are making efforts to raise their profile, especially in overseas markets

عكذامن الأحها

Korean companies have caught on to the corporate image game. In an attempt to lift their profile in overseas markets, they are buying up foreign companies and hiring overseas marketing consul-

The new emphasis on hrand recognition in their export markets comes at a time when the companies targetting npscale markets in search of higher profit margins as they lose rompetitiveness to other south-east Asian companies in low-end products due to rising



domestic costs. In the past, many Korean

companies exported products under their competitors' names under original conipment manufacturer (OBM) agreements. However, to increase their profit margins, they have come to realise the need to sell their products under their own brand name.

For instance, at Daewoo Electronics, which makes consnmer electronics and white goods, the ratio between goods made for OEM and branded products has shifted sharply over the past four to five years. The 90 to 10 ratio in favour of OEM sales has changed to 60 for OEM sales and 40 for Oaewoo hranded products, says Chung Heemyung, executive director at the company's overseas egional division

A fast and safe way to overcome the problem of low profit margins has been to acquire foreign household names. Last July, LG Electronics bought a controlling stake in Zenith Electronics of the US, the last US television set manufacturer, for \$350m, and Samsong Electronics paid \$378m for a 40 per cent stake in AST Research a California-based personal computer maker in ehruary.

are finding it hard to shrug nff the image that their products are down-market, cheap and less developed - a label which Jananase companies also struggled with 20 years ago.

Lee Myoung-woo, general nanager of Samsung Electronics' global marketing group, says while the quality of the



products has risen, the percelved image of consumers remains low. Although the company has put its name on airport lnggage carts all over the world, and is one of the best known Korean brands, it has been hard to overcome the poor image held against Korean products in general.

"The perceived value represents what the customer is ready to pay for a product. To increase profits, we need to raise the perceived value to match the real value," says Mr

According to an image survey conducted for Samsung by Research International of London, consumers' perceived image of the company's prod-ncts ranked far behind those of Sony, Matsnsbita and

This was despite the fact that the "real value", including consumers' satisfaction of Samsung's warranty policy and prices, was little different from that of Sharp.

"The Korean companies have two sets of overlapping imagery to deal with. That of the company and the country, says Wally Olins, chairman of Wolff Olins, the London based identity consultants.

SAMSUNG

One method the companies are using to tackle the problem is to change their names. For many westerners, names of Korean companies are hard to pronounce, while the use of western words in some corporate names have been baffling. The Lncky-Goldstar Group,

for example, hired Landor, the US consultants, and changed its name to LG Group earlier

But opposition from the founding families, which still exert powerful inflnence in many of the corporate groups, has hampered many such

SSangyong, the conglomerate known for its oil refining and car husiness, was forced to give up such an attempt ause of opposition from the founding family. The name, which means twin dragon, derives from an ancient legend of twin dragons trying to ascend to the heavens, with the double S representing the two dragons. Il may be a romantic tale, but for foreign consumers, the name remains a little disconcerting.

Other companies are emphasising customer satisfaction. Daewoo has been offering intensive after service for its cars sold in the UK market. LG Electronics is also beefing up its after sales network and improving the monitoring of its consumers.

The image of Korea itself, say analysts, is also a problem. While Koreans' believe that they have become eco

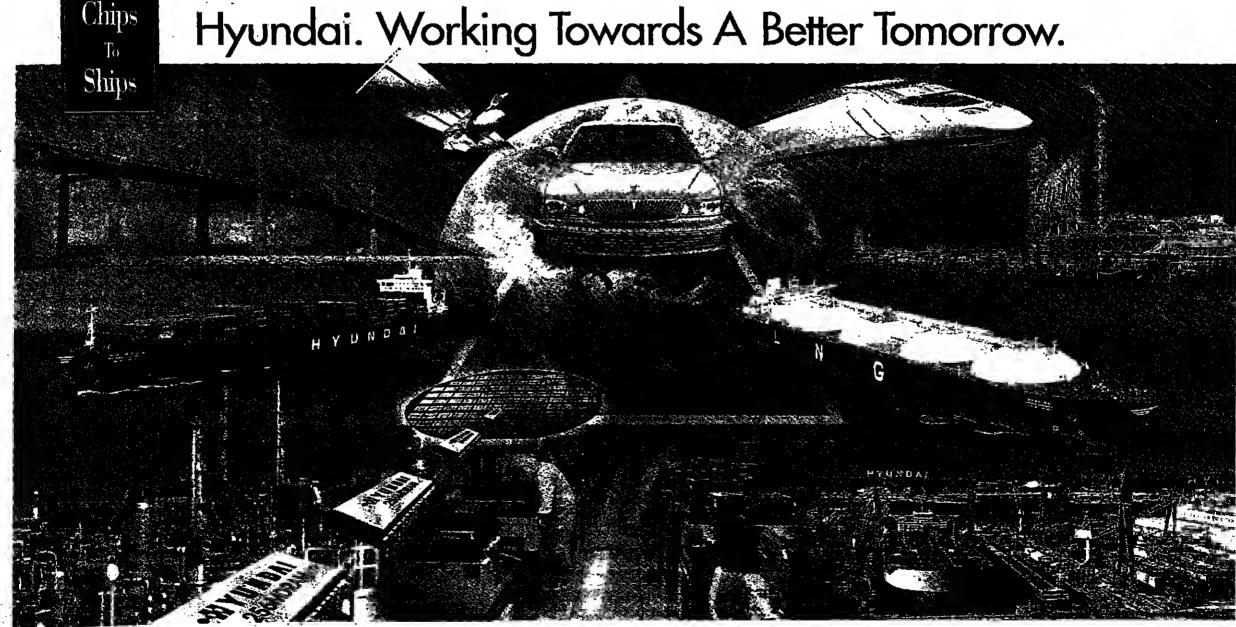
#### HYUNDAI

nomically successful and are more democratic than previously, "people [overseas] still see Korea as country under anthoritarian rule," says Eugeoe Yun, head of research at Schroders in Seoul. "People are not going to huy products made in a country where on television the night hefore they saw riot police beating up students," he says.

Ultimately, technology and product quality will improve hrand name image, says Chang Chun, manager at LG Electronics' strategic planning department. He believes that Korean companies have an edge over other international manufacturers in achieving hrand name recognition in developing countries including those in south-east Asia and China.

By the year 2000 the company aims to be the number one established brand in the Asian markets and at least seventh in the US and other developed markets.





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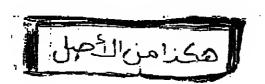
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# More competition, more consolidation



services scene is changing rapidly. The last few months bave seen the announcement of the merger between Lloyds and TSB, the

acquisition of the Cheltenham and Gloncester and National and Provincial Building Societies, and the merger and planned conversion of the Halifax and

In the insurance sector, Norwich Union has proposed to demutualise to pursue acquisitions, while smaller companies, such as Provident Mutual and London Life, bave decided to throw in the towel. More of all these developments will follow.

Peter Birch, who runs Abbey National, bas no doubt of the cause: "Basic economics dictate that only companies which have a dominant market share will

> CHANGE IN MARKET SHARE (%), 1979-86

Leading firm Second firm Third-fifth first

Average of 54 inclusions Average of 54 industries Source: Davies et el, Tho Dynamics of Market Lindon ship in the UK Manufacturing Industry 1879-1995

survive long term. Here I cite as example, Unilever and Procter & Gamble . . .

Birch's example does not support his argument. The once dominant Unilever used to sell one packet of detergent in two in Britain. After years of decline, that figure bad fallen last year to one in three, and following the Persil Power fiasco may now be as low as one in four. If there is any general lesson from basic economics, it is that dominant firms rarely maintain market share (see table).

Consolidation in financial services will happen, but not for Birch's reasons. Competitive markets drive the weak into the cold, or into the arms of the strong. Where competition is weak, as for decades it was among banks and building societies and between life and general

petitive world.

Under-performing firms are protected by high prices and gentlemanly restraints on competition. That is why we have too many banks and building societies and too many insurers, many of them inadequately equipped to cope with a

In the 1980s, banks fought for market share, building societies stopped getting together to fix interest rates, and the tariff agreement and commissions agreement among insurance mpanies disappeared. The whole retail financial services sector became much more competitive, and what we are seeing is the working out of that

The relevant economic theory is that actions to increase competition usually have the apparently paradoxical - effect of promoting consolidation. We saw this first after the 1956 Restrictive Practices Act abolished most cartels, and a wave of mergers

We saw it again when Edward Heath ontlawed Resale Price Maintenance, and set the stage for the growth of Sainsbury and Tesco. That growth came about not because Sainsbury and Tesco were bigger than their rivals (the Co-op still dominated British food retailing at that time, and on the Birch theory would do so today). Sainsbury and Tesco grew because they were better, and a more competitive market allowed them to profit fully from their superior performance

The end of the Net Book Agreement will lead to this consolidation in book selling. Not necessarily to the same public benefit, since it is the wide range of book shops, efficient and mefficient, which helps to sell books, and makes browsing a pleasure. But the rule that consolidation follows competition will apply bere too, and the industry will focus around bigger

Sometimes - where the cartel has been so strong that it has not only limited competition among established firms but has enabled them to keep new entrants out -

fragmentation precedes consolidation. The US airline

industry is a classic example. The initial response to deregulation was a frenzy of expansion and new entry. But the industry became even more concentrated than before. The difference was that the survivors were the efficient rather than the established. Delta, American and United prospered; Eastern and Par

Am failed.

The same will happen in the European airline industry, as etition gathers pace. And in other European industries – like telecommunications and financial services - which, slowly wiping the sleep from their eyes, stumble into a more competitive era. There will ultimately be consolidation, but consolidation around the effective rather than the large.

And - as in the US airline industry - some of the giants of the past who see even greater size and global alliances as the route to the future will not be there to

Competitive markets drive the weak into the cold, or into the arms of the strong

see the future when it comes. The British beer market is going through the same transformation. Increased competition following the Monopolies Commission report led to the seemingly contradictory forces of new entry, and consolidation among the established players perticularly in the retail sector.

When all this bas settled down, the industry, though less vertically integrated, will probably be more concentrated than before. But market share will be based on a company's effectiveness rather than historic position. That, not the durability of dominance, is the basic economics of industry structure.

The author is chairman of London Economics and visiting professor of economics at the London Business

#### Moving to Europe **Abbey National**

1988: Abbey National Bank SAE established in Spain 1989: Abbey National Bank established in Italy . 1990: Abbey National

**MANAGEMENT** 

of more than 190bn, doubled the

high street presence of its Spanish

subsidiary, Banco Halifax Hispania.

The achievement is not as star-tling as might seem at first sight. it

meant that the number of branches

This step forward was typically

cautious, but it was also a sign of

confidence in an operation set up, as one senior Halifax figure put it,

almost in a moment of boredom".

UK building societies to expand into continental Europe was a new power in the Building Societies Act

1986. Most UK mortgage lenders

were fully occupied with surviving the UK housing recession, but a few saw opportunities to export their

British experiences into other hous

early to judge a success - has pro-

vided some salutary lessons for pre-

viously parochial businesses tack-

ling continental European markets.

Even leading protagonists acknowledge the limitations of such

a strategy. Michael Spence, head of

overseas operations at Halifax, for

example, believes there is a signifi-

cant difference in how readily a

mortgage lender can travel com-pared with a clearing bank. "Banks

probably have a natural interna-

tional connection because they get

involved in commercial lending and

finance international trade," be

which began its European expan-

sion when it was a society, holds

the distinction of having been first on to the Continent. In 1988 it set

up a Spanish subsidiary, in 1989 it set up an Italian subsidiary, and in

1990 it bought Ficofrance, a French

wich, the UK's third largest society,

which opened Banca Woolwich SnA

in Italy in 1990, and the next year

bought a subsidiary of Midland

Bank, which became Banque Wool-

wich, Halifax entered the Spanish

market in 1993, and Bradford & Bin-

gley last year set up two linked German subsidiaries.

All these high street lenders have

had to adapt considerably from

their domestic way of working. It is

not simply a question of languages,

but also of responding to being in a

From being the giants that set the mortgage prices their competitors

must match in the UK - certainly

in the case of Halifax and Abbey -

they are now learning to operate in

an area where they can never

achieve such dominance and where

only some of their expertise travels.

The very brands which win them

instant familiarity in the UK may

different position in the market.

rigage lender. Then came Wool-

Abbey National, now a bank but

This diversification - which is too

ing markets.

What allowed Halifax and other

in Madrid rose from one to two.

n a single day last week

Halifax Building Society,

the UK's largest mort-

gage lender with more than 15m customers and total assets

> entered French market with acquisition of Floofrance, a French mortgage lender based in Cambrai

#### W Woolwich 1990: Woolwich SpA, now Banca Woolwich opened in

1991: Banque Woolwich was created in France with the acquisition of Fonda de Commerce of Banque immobilière de Crédit



# Second home

Alison Smith looks at what UK building societies have learned from expanding into continental Europe

be a hindrance: not only are they unknown but they may also be hard

In some ways different business cultures on the continent have provided an opportunity: simply by replicating UK practice, for instance, UK mortgage lenders have been able offer a better service than local competitors.

When wa went into Italy, Italian banks were probably taking five months to agree a mortgage," says John Berry, European director at Abbey National. "We offered a service within a matter of weeks."

Others say that designing bank branches which look welcoming, and simply staying open all after-noon, can help to differentiate a UK lender from its local competitors. On the other hand, Berry admits,

some British practices - such as a large high street branch network for a mortgage lending business do not export well. "Having a high street branch

might look nice, but you must question whether you need a huge number of branches. What you need is an office for people to meet and discuss issues, but much of the transaction is about getting the customer to telephone you."

He believes more UK organisations should offer cultural training for continental Europe to cover issues such as husiness ethics, in the same way as they would for people working in East Asia where there is a much greater realisation that the way of doing business can be different.

Spence acknowledges that some areas of Halifax expertise, such as design of mortgages and retail savings products, have benefited the Spanish subsidiary, but he is clear that the organisation's dominant British position was not an

"The UK name wasn't any help," ha says. "We are still in the brand building stage, and there is a high correlation between the level of advertising and the level of interest. But it is quite difficult to make an

Without the home ground advantage of possessing a well-known brand, UK mortgage lenders have to rely much more on word-of-mouth recommendations from customers satisfied with their prices or services. Building the business is slow

A further challenge for those running overseas operations is countering the inevitable scepticism of managers back at head office.

This is not easy. For all these lenders the continental subsidiaries so far have predominantly been about costs and losses, with any profits so far on a small scale. "The numbers for Spain look very good in pesetas," was the damning comment of one Halifax executive.

"If you have problems overseas. they can bave a disproportionate impact on what you're doing. You are much more exposed," saya

David Small, head of Woolwich Europe, says that part of his job is to act as an "umbrella", or almost a buffer zone, between the main organisation and the overseas busi-

"We have to manage the culture gap," he says, "Our job is to make sure our French business doesn't do anything silly, such as going off into unsecured lending." Others emphasise that the learn-

ing process is for those in the main UK business as well as those in the rseas subsidiaries. With a single European savings

and bome loans market still some years away, Spence is cautious about the benefits that may arise in Spain from Halifax having been there for a while. But he is more definite about the advantage in terms of the management of tha organisation.

This shows us that it is possible to operate with different legislation and regulations, and in a different language. That's a first time for the society, and it's a big leap forward to demonstrate that this can be carried out," he says.

Judging by progress so far, it is a big leap forward best achieved by

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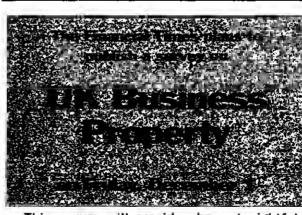
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MINISTER OF PRIVATISATION INVITATION TO NEGOTIATIONS

The Minister of Privatisation, acting on behalf of the State Treasury of the Republic of Poland in accordance with Art 23 of the Law on Privatisation of State-owned companies of 13th of July, 1990 (Journal of Laws No. 51, item 298 and subsequent amendments), hereby invites to negotiations all interested in the acquisition of no less than 10% of the total number of shares of the Company:

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Parties interested in purchasing shares and receiving the company information memorandum should contact:

ARIA Sp. z.oo Ul. Krzywickiego 34, 02-078 Warsaw, Poland

Tel/fax: 48-22-625 49 41

48-22-621 84 41 ext 310 Tel:

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#### ANNOUNCEMENT OF RESULTS On behalf of the State Privarization and Holding Company (Hungary).

Kossuth Holding Trustee Company Ltd, hereby announces, that for the open tender invited on May 15, 1995, for acquiring the majority stake

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no bid satisfying all the requirements of the tender invitation arrived and thus the tender was closed unsuccessfully.

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#### **CONTRACTS & TENDERS**

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in 1996:

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Tumover:

1-8/1995:

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TDM 40.340

Real Estate:

area approximately 60.000 m², buildings approximately 19.000 m²

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Tumover:

1-8/1995:

1994:

TDM 2.804 TDM 3.433

Real Estate: araa approximately 52.000 m², buildings approximately 12.000 m²

#### 3. Engineering Office (Halle):

Capability Profile:

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Employees: Tumover:

in 1996:

1-8/1995: 1994:

approximately 20 TDM 1.814 TDM 12.221

Real Estate: rented property

#### Deadline for receipt of the bids is 8 December 1995.

Detailed information with binding instructions can be obtained from KPMG Deutsche Treuhand-Gesellschaft by sending a company profile along with a cheque for DM 100,- payable to Beteiligungs-Management-Gesellschaft Berlin mbH, Alexandarpietz 6, D-10100 Berlin.



Deutsche Treuhand-Gesellschaft Corporate Finance

Kurfürstendamm 207/208 - D-10719 Berlin

Contact persons: Thomas Ehren, Dr. Joachim Kartte

Phone: (49) 30-88612-140 Fax: (49) 30-88612-823

#### ANNOUNCEMENT OF A TWO-STAGE TENDER

The Ministry of Transport and Maritime Economy (the "Ministry"), 00-928 Warsaw, ul. Chalubinskiego 4/6, room 608, tel: 628-96-94, fax: 628-95-00, hereby announces a two-stage tender for the following services in connection with the privatization of Polskie Linie Lotnicze LOT S.A. (the "Company"):

- 1) conducting up to date pre-privatization analyses:
- provision of advice regarding the restructuring of the Company and its preparation for privatization;
- 3) preparation and services with respect to making the shares of stock in the Company available to third parties:
- 4) advice regarding an agreement for the sale of shares of stock in the Company.

Specifications containing the material terms and conditions of the order (price - 5 PLN) may be obtained at the Ministry at the above address, or upon prepayment by post. The person authorized for the purpose of liaison with the parties submitting offers is Maria Szwed.

Lotnicze LOT S.A., should be submitted to the Ministry at the above address. The dead-line for the submission of preliminary offers expires on 30 November 1995 at 3 p.m.

A sealed envelope containing a preliminary offer, marked: "Proposal in the matter of a two-stage tender

with respect to the provision of pre-privatisation and privatization advice regarding Polskie Linie

The proceeding shall be conducted with no mandatory domestic preferences applied.

The criteria for selecting a preferred offer are:

- 1) the proposed strategy for sale of the shares of stock in the Company, prepared pursuant to the instructions set forth in point 1 of the specifications (the work schedule shall also be subject to
- 2) knowledge of the Company and of the sector in which it conducts its activities 20%;
- 3) presentation of a draft restructuring plan and of the plan for preparing the Company for privatization - 20%;
- 4) experience of the party submitting the offer and, if applicable, the members of a consortium acting jointly with the offering party in the realization of the privatization project, experience of the persons (team members) that are going to be involved in the performance of the services. including their qualifications and experience - 40%.



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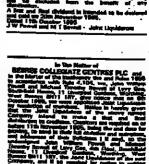
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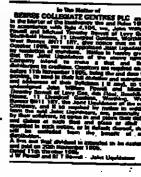
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May

مكذامن الأجل



#### hen David Zinman, the new artistic director of Zurich's Tonballe Orchestra, had a get-together with wealthy patrons at the start of the season, one woman volunteered an oblique analysis of his prospects. "You have plenty of ideas, Mr Zinman," she said, "but we're Swiss." Her remark sums up the mood of scepticism facing Zinman as be tries to brighten the orchestra's image and re-establish its international reputation. The Tonhalle's traditional supporters do not want change certainly not from a foreigner. The orchestra has served Zurich adequately for more than a century. Why npset

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In his inaugural concert last week, Zinin his maugural concert last week, Amman offered the best possible riposte. He conducted a disciplined, buoyant account of Mahler's Third Symphony. The musical effects sounded precisely sculpted but not over-calculated. There were no surface histrionics. Here was an interpretation of depth and integrity, in the serene, buman-istic vein of Bruno Walter. Zinman huilt on the orchestra's strengths, and the musicians responded with warmth and

Such a performance would sit well on any of the world's major concert platforms. But the Tonhalle is barely known

# Zurich tunes up for the future

Andrew Clark talks to the new artistic director of the Tonhalle Orchestra, David Zinman

ntside Switzerland. For the past 20 years it has run through a succession of chief conductors, none of whom stayed long enough to make an impression. The repertoire was unadventurous, standards var-ied widely. Compared with other cultural cities in Europe, Zurich's orchestral horizons have been provincial.

And yet the Tonhalle has a proud Germanic tradition, stretching back to Wagner's stay in Zurich in the 1850s, and nurtured in the postwar era by such lumi-naries as Hans Rosbaud and Bndolf Kempe. It has a beantifully decorated shoe-box hall, inaugurated by Brahms 100 years ago. Today, the musicians' pay and working conditions are among tha best.

Zinman - the first American to take charge of a Swiss orchestra - believes the Tonhalle has untapped potential, and that the centenary of its concert hall is an opportune moment to start afresh. Before his arrival, he ousted the Touhalle's longaerving manager, Richard Bacht, and hrought in Trygve Nordwall from the

Swedish Radio Symphony Orchestra. He restructured the administration so that be and Nordwall would decide policy and programmes - replacing the old committee-style approach. He told Zurich's amateur choirs they were not good enough, and that the orcbestra would import professional choruses where necessary. Zin-man also demanded guarantees that the orchestra would make tours and record-

ings.
Although Zinman's tactics offended local sensibilities, they demonstrated the kind of firm leadership the Tonhalle has been missing. Zinman has reduced the number of guest conductors - the orches-tra had no fewer than 90 over the past six years - and placed the emphasis on quality: Kurt Sanderling, Wolfgang Sawallisch and Herbert Blomstedt will visit this season. He is also introducing conductors with a name for historically-aware performance. Some of the Tonhalle's stuffiness is beginning to disappear, but there is a long way to go. "It's hard to get any

animo around bere", says Zinman.

It is precisely this desire to liven things up which arouses local suspicions. The orchestra itself may not be identifiably Swiss - more than half the musicians are of foreign origin - hnt most of its sub-scribers are. They like a predictable diet of Romantic classics. They do not want extremes of programming, or American-style marketing and presentation. Local music critics share this view. They see Zinman's appointment as an experiment, tha success of which will depend on whether be can bridge the cultural divide and provide stability.

Zinman says he has not come to proselytise or lecture. "My job is to bring out something in the orchestra that is already there, to be its musical conscience, to insist on standards and inspire the players. We will work on fundamentals - good rhythm, good intonation, good ensemble and an optimistic approach to life. I want to take advantage of what the Tonhalle does well - composers like Bruckner, who

are part of the orchestra's tradition and suit the acoustic of its hall. What we need now is music that the hall does not disguise - Stravinsky, Bartók, Haydn - so that the orchestra becomes a more flexible instrument. It's going to take hard

n that score, Zinman has e good track record. A former pupil of Pierre Monteux, he steadily built up a reputa-tion as an orchestral trainer and first-rate accompanist. After some early successes in the Netherlands, he established himself in the US, where he has been music director of the Baltimore Symphony Orchestra since 1984. As a guest conductor he is well liked by orchestras in continental Europe. Ha is versatile, with a natural command of Beethoven and Brahms, and an open-minded approach to modern music: his programmes this season include Bonlez, Maderna, Górecki and Part.

Now 59, Zinman has reached the age when conductors start to henefit from their experience. That he enjoys the support of the musicians is not in doubt. The real test of his policies will be the level of support he receives over the next three years from the Tonhalle's regular public. Around 8000 people - an astonishing number for a emall city such as Zurich buy subscriptions for Tonhalle concerts each season, giving the orchestra up to 30 per cent of its SFr21m (£11.35m) hndget before a note is played.

Zinman will conduct 40 concerts a year

in Zurich. In the 1996-7 season there will be a European tour, followed by a visit to the US. Contracts with recording companies - to whom Zinman is no stranger are being negotiated. Zinman recognises that "for a while there will be subtle counterpressure" to the presence of e non-Swiss management team. "But the orchestra wanted change, and the only time to do it is when a new conductor comes in. If we can prove ourselves, we will win."

David Zinman conducts centenary concerts in the Znrich Tonballe tonight, tomorrow and Sunday. The programme – Brahms's "Triumphlied" and Beethoven's Choral Symphony - is the same as at the hall's inauguration in October 1895, when Brahms was honorary guest.



Theatre/Alastair Macaulay

# A patriot in search of officer talent

hat John Osborne's plays were important to their place (England) and time (the last several decades) is undisputed. That they have a place in international repertory, or in English repertory in this new post-Osborne era, has yet to he shown. The Royal Shakespeare Company's new production of A Patriot for Me, which was new 30 years ago, should have been perfectly timed for many reasons. This is London's first big Osborne production since Osborne's death; this is the first revival of this large-scale play for many years; and this play. Osborne's major treatment of homosexuality, thus connects interestingly to the posthumous reports, much discussed earlier this year, of a gay akeleton in Osborne's closet.

Onstage, however, everything must hang on the central role of Alfred Redl. To his manner and character a hundred clues abound in the text. A Galician of undistinguished family who rises antirely through merit through tha Austrian army in the era of the Emperor Franz Josef, he is "upright, discreet, frank and open"; "friendly but unassertive, dignified but strikes everyone as the type of e gentleman and distinguished officer of the Royal and Imperial Army"; he is both industrious and popular; he sometimes seems snobbish, and is "like a true aristocrat"

At first, he does much to repress his own homosexuality; later, however, as he grows more extravagant and less discreet, he is blackmailed into becoming a well-paid secret agent for the Russians; finally, he is unmasked. And the play becomes, among other things, e study in isolation. Spiritually, Redl declines and falls even as, publicly, be rises and flies. According to Robert Stephens, as quoted in Osborne'a autoblography, Laurence Olivier said be would have given up the National Theatre to play the part, had he been 20 years younger. I wish very much that I had seen Alan Bates'a performance in the 1983 Chichester revival; or indeed Maximilian Schell'a in the original. But Redl this time is James Wilhy.

who is ont of his depth in so challenging a role. Though his performance

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8,15pm: Oct 20, 21

OPERA/BALLET

lacks any of the exaggerations that have marred some of his other recent interpretations, he has not the warmth or openness or stylish authority that other characters ascribe to him. Callow. guarded, tense, he inspires no sympathy and generates no sexual chemistry with any of his several onstage partners. Large parts of the play become reduced to a tepid account of bottled-up English noper-middle-class repression. Officer-class quality is absent; and so is the strange stuff of which both spies and traitors are made.

This error of casting apart, Peter Gill's slow staging - lasting four hours (two intervals) - makes us only too well aware of every unnecessary line in Osborne'e writing. Diana Hardcastle, as the Countess who comes closest to het-erosexual love and understanding with Redl, works so hard to inject emotional urgency into their scenes together that she seems an overwrought harridan. Clive Wood does nice work as Colonel Mischa Oblensky. As for Dennis Quilley, impeccably suave as Baron von Epp and Queen Alexandra et his own drag ball, he is so perfectly in command of things that he convinces half the audience that his naughtiest line ("Now her earring's fallen off, you've excited her sol") is actually an ad-lib.

As the play demands, the cast of 40 includes a great many pretty young men: few of whom make much impresgioo when they open their months. Several experienced actors let their scenes fall into the lugubrious pace of the evening as e whole.

Thirty years ago, Osborne encountered major censorship problems with this play; but that was then. It may well be that be was writing with Guy Burgess et al in mind; and, as you watch this production. you are easily led of such subsequent plays as Another Country, An Englishmon Abroad, and A Question of Attribution. I suspect that A Patriot for Me may be a finer play than any of those. Little ebout this weary and uncentred production, however, helps us to find out.

In RSC repertory at the Barbican Cen-

#### Ballet/Clement Crisp

### Congratulations, 'Cinderella'

t the age of 23, Matthew Hart has done e great deal. He is an Lengaging soloist with the Royal Ballet, but rather more significantly in these lean daye for classical choreography, be has shown a talent for making ballets. It is a sad fact that, apart from Devid Bintley and Michael Corder, we have no dance-creators able to produce sound and well-reasoned movement in the academic tradition.

Matthew Hart declared himself as a creator when still e student - I recall a fragment to Bach music of lively talent and he has suffered somewhat for that fact. He was pitchforked on to the Covent Garden stage to make a hallet when far too young and inexperienced for that arena, and he needs the sort of nurturing which should be the function of a secood Royal troupe. Cranko, MacMillan, Bintley, Corder, all tried and proved their gifts in this fashion with the Sadler's Wells ensemble. But Hart's abilities are real, and London City Ballet has now provided him with both a huge challenge and the proper surroundings to try his wings.

The test piece is Prokofiev's Cinderella, no less. The wall-of-death conditions are not merely the fact of coping with a three-act score, but the looming presence of Ashton's glori-ous version, in which Hart has stone's Non-Fiction Award. computer equipment at a computer equ

danced. LCB offers him a medium-eized and eager troupe. modest means and a deceot distance from the tensions and sniffiness of Covent Garden. The result, at Woking's edmirable New Victoria Theatre, is

It is not an all-out triumpb -Hart is too young for that hnt the choreography proves that he can make dances, that he can manoeuvre dancers about the stage with more than simple skill, and that his response to music is natural, sensitive. He makes us forget and not regret, save momen-tarily, the Ashton versioo.

His chief problem is Cinderella's family. The Ugly Sisters and the Step-mother are bores - though mercifully taken by women - and the poor drudge is given a tipsy old pater, which surely over-gilds her tragic lily. Some drametic moments are thin: the Fairy Godmother is vapid, and Cinders' departure for the ball is no blaze but a mere 40 watt glimmer. But in making

This Cinderella is pleasing. Innovation - Buttons es e lively confidant who turns into e grasshopper; e well-reasooed duet as ending to the ballet -are successful. The decor is pretty; the story is properly told: the dances sit surely on the score. Performances that I

ensemble dances to those rav-

ishing waltzes. Hart is inge-

nious, artful in combining dra-

matlc incident with dance

pattern, and clever in deploy-

ing LCB less than grandiose

oumbers.

saw were neat if not gaudy, with Tracey Newham Alvey as the heroine, Michael Nunn (a guest from Covent Gardeo) as her prince. The dancing which I most enjoyed came from Clair Thomas as the Summer Fairy, with melting Lynn Seymour arms and beautifully exact legs and feet (Seymour again): a treasure. The score, in a skilled reduction by Daryl Griffith, sounded very well under David Coleman. To Matthew Hart and LCB, congratulations. And thanks to sponsors ADT.

#### First-time author scoops prize

A harrowing autobiographical account of a British serviceman's experiences as a prisoner-of-war and his subsequent reconciliation with one of his Japanese torturers has won the The Rollwoy Man (Jonathan Cape £15.99, 276 pages), is hy first-time author Eric Lomax, a former industrial relations consultant. He received a £10,000 cash prize and £5,000 worth of

o the Barbican's Great Orchestras of the World series, leading bands come and go but one thing remains constant: the Barbican Hall's ecoustic. Probably not since the St Petershurg Philharmonic last played at the Barbican has an orchestra's string section sounded so characterful in this hall as it did earlier this week. Indeed, except that the brass have now dispensed with their old-fashiooed Russian wobble, in Tchaikovsky's Fourth Symphony the orchestre sounded remarkably unchanged from the time of Mrevinsky's classic recording of the piece made in the 1950s. More than most orchestral players, these display an obvious love for their music; they listen attentively to their fellow musicians. There was not a hint of the demoralisation

#### Russian sounds

Concert

of standard programmes must bring. The orchestra's sometimes wayward chief. Yurv Termikanov, had reined in his exaggerated Petrushka mannerisms, and concentrated on delivering performances of newly-inspiring depth.

Doubts ebout whether audiences really needed another cycle of Tchaikovsky symphonies were soon dispelled. Even though all six of the numbered works are familiar, presenting them in close auccessioo underlined Tchaikovsky's echievement as e symphonist, and coupling them in early-late pairs revealed something of the development of this very great

denied intellectual respectability simply because his music has such wide appeal. Termikanov made the stron-

composer, one who has been

gest cases for the early, underrated symphonies. Nothing else in Sunday's and Tuesday's concerts quite matched his way with the First, which came across with exhibarating vigour and lyrical flexibility. He shaped the "Little Russian" (Ukrainian) folk-tunes in the Sacond winningly, but obtained less precision of ensemble here. He brought high drama, perhaps a little too much, to the Fourth, but it was the finale of the Fifth, takeo at breakneck speed, that gave scope for the orchestra's dashing virtuosity. Not that it was superficial: the despair of the symptony's opening has rarely sounded so naked.

John Allison



#### ■ AMSTERDAM

Rijksmuseum Tel: (020) 873 2121 The Portrait: drawings, prints and photos spanning some 500 years. Artists Include Van Gogh, Rembrandt and Gaugin; to Oct 29 Stedelijk Tel: (020) 573 2911 100 Years: three exhibitions to celebrate 100 years of the Stedelijk. On show is art from the Regnault Collection which includes the likes

of Kandinsky, Chagall and Chirlco plus specially commissioned work for the centenary; to Oct 29 **OPERA/BALLET** Het Muziektheater Tel: (020) 551 8922

 Moses and Aaron: by Schoenberg. A new production directed by Peter Stein and conducted by Pleme Boulez. Soloists Include David Pittman-Jennings as Moses and Chris Merritt as Aaron; 8pm; Oct 20, 23, 25, 28

BALTIMORE CONCERTS Symphony Half Tel: (410) 783 8000

Alfredo Silipigni and directed by Frank Corsaro. Cast includes Daniela Longhi/Maria Pellegrini, Nicole Biondi and Steven Rainbolt; 8.15pm; Oct 20, 21, 22 (3pm)

#### **■ BERLIN** OPERA/BALLET

Deutsche Oper Tel: (030) 34384-01 Madame Butterfly: by Puccini. Conductor Sebastian Lang-Lessing, production by Pier Luigi Samaritani; 7.30pm; Oct 21, 25

#### FRANKFURT CONCERTS

Alte Oper Tel: (069) 134 0400 Radio Symphony Orchestra: Elijahu Inbai conducts Schumann and Mahler, 8pm; Oct 20 St. Petersburg Philharmonic Orchestra: Yuri Temirkanov conducts Rachmaninov's "Symphony No.2" and selected pieces from Prokofiev's "Romeo and Juliet": 8pm; Oct 22

#### LONDON CONCERTS

Queen Elizabeth Hall Tel: (0171) 928 8800 • The Chinese New Tide: with soprano Judith Mok and barttone

Shi Kelong. Tan Dun conducts a

programme of first generation Chinese composers such as Qu Xiaosong and Chen Qigang; 7.45pm;

Royal Festival Hall Tel: (0171) 928 8800 Guitar Encounters: an evening of

guitar, flamenco and Andean music with John Williams, Paco Pena and inti-Ilimani; 7.30pm; Oct 24 The London Philharmonic: with mezzo-soprano Jennifer Larmore, bass José van Dam and the London Philharmonic Choir, Roger Norrington conducts Berlioz'a "The

OPERA/BALLET Royal Opera House Tel: (0171) 304

Damnation of Faust"; 7.30pm; Oct

 Tosca: by Puccini. Conducted by Simone Young and directed by Jeremy Sutcliffe. Soloists Include Gallna Gorchakova, Johan Bohta and Francis Egerton; 7.30pm; Oct

#### NEW YORK

CONCERTS Carnegie Hall Tel: (212) 247 7800 BBC Symphony Orchestra: with violinist Nadja Salemo-Sonnenberg. Andrew Davis conducts Carter, Glazunov and Brahms; 8pm; Oct 25 Maurizio Pollini: pianist plays an all-Beethoven programme; 7.30pm;

Oct 23 Pittsburgh Symphony Orchestra: with flutist James Galway. Lorin Maazel conducts Gould, Mercandate, Maazel and Bartok; 8pm; Oct 27

 Pittsburgh Symphony Orchestra: concert performance of Wagner'a "Tristan and Isolde" with conducted by Lorin Maszel. Soloists include

Carol Yahr, Heinz Kruse amd Falk Struckmann; 8pm; Oct 28 Symphony Orchestra of Montreal: with pianist Yefim Bronfman. Charles Dutoit conducts Berlioz'a "Les Francs-Juges", Saint-Saens' "Piano Concerto No.2", Chausson's

"Symphony in B Flat Major" and

Ravel'a "Spanish Rhapsody"; 8pm; Oct 21 Symphony Orchestra of Montreal: with pianist Louis Lortie. Charles Dutoit conducts Berlioz'e "King Lear, Overture", Beethoven's "Piano Concerto No.4", Martinu'e "Symphony No.5" and Enesco's

"Romanian Rhapsody"; 3pm; Oct 22

#### PARIS CONCERTS

Champs Elysées Tel: (1) 49 52 50

 National Orchestra of France: with planist Andreas Haefliger. Claus-Peter Flor conducts Mozart and Bruckner; 8pm; Oct 21 **GALLERIES** 

Centre Georges Pompidou Tel: (1) 42 77 12 33 Feminine and Masculine: the sexuality of art. Exhibition exploring

sexual identity and its effect on twentieth century artists; to Jan 8 Galerie Schmit Tel: (1) 42 60 36 36 "La Femme": from Corot to Chagall. 60 paintings dating from 1824-1949 by artists such a Degas, Gaugin, Picasso and Renoir, from Oct 24 to Feb 28

#### STUTTGART OPERA/BALLET

Staatstheater Tel: (0711) 2 03 20 La Damnation de Faust: by Berlioz. Conducted by Gabriele

Ferro and directed by Luciano Damiani. Soloists Include Marilyn Schmiege, Keith Lewis and Ludwig Baumann; 7pm; Oct 29

that trawling the west for hard

currency with endless repeats

#### ■ VIENNA CONCERTS

Gesellschaft der Musikfreunde Tel: (1) 505 1363 Czech Philharmonic: with soprano Angela Maria Blasi and bass-berttone Thomas Quasthoff Gerd Albrecht conducts Eben,

Mahler and Dvořák; 7.30pm; Oct 28,

 Viennese Symphony Orchestra: Rafael Frühbeck de Burgos conducts Wagner, Brahms and Beethoven; 7.30pm; Oct 21, 22

#### ■ WASHINGTON CONCERTS

Kennedy Center Tal: (202) 467

 BBC Symphony Orchestra: with violinist Nadja Salemo-Sonnenberg. Andrew Davis conducts Delius, Glazunov, Carter and Bartók; 2pm; Oct 22

 National Symphony Orchestra: with planist James Tocco. George Manahan conducts Debussy's "Iberia", Stravinsky's "Concerto for Piano and Wind Instruments" and Rachmaninov'e "Symphonic Dances"; 8.30pm; Oct 20, 21, 24 National Symphony Orchestra: Sir Neville Marriner conducts Bartok, Mozart, Nelson and Beethoven; 8.30pm; Oct 26, 27, 28 Pittsburgh Symphony Orchestra:

with violinist Hillary Hahn. Lorin Mazzel conducts Mendelssohn and Bartók; 8pm; Oct 25 GALLERIES

#### Hirschhorn Museum Tel: (202) 357 2700

 Directions-Martin Kippenberger works on paper. Approximately 50 satirical drawings on hotel stationary by the German artist along with some of his collages and drawings on paper; to Oct 22 tional Gallery Tel: (202) 737 4215

 Winslow Homer: more than 225 works including 86 oils by the American artist; 8pm; to Jan 28 OPERA/BALLET Kennedy Center Tel: (202) 467

4600

 Suzanne Farrel Staged Balanchine: an evening of George Balanchine choreographed pieces performed by an ensembla of dancers from companies such as the Paris Ballet, the American Ballet Theatre and the New York City Ballet. The programme includes "Chaconne", "Slaughter on 10th Avenue" and "Tzigane"; 8pm; Oct 20, 21, 22 (2pm) THEATRE

Ford's Theater Tel: (202) 347 4833 Elmer Gantry: Michael Maggio directs this revival of the Pulitzer Prize winning novel by Sinclair Lewis with libretto by John Bishop and music by Mel Marvin; 7.30pm; to Oct 29

Kennedy Center Tel: (202) 467

 Master Class: by Terrance McNally. Zoe Caldwell stars as Maria Callas, reliving her triumphs and tragedies as she coaches a trio of young singers; to Oct 22 Shakespeare Tel: (202) 393 2700 Macbeth: by William Shakespeare, directed by Joa Dowling. Cast includes Stacy Keach;

7.30pm; to Oct 21

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#### THE FT INTERVIEW: David Trimble



wink has given way to megaphone diplomacy. In David Trimble, the

new leader of the Ulster Unionist party, the nationalists of Ireland may finally have met their match. Sometimes irascible, at times charming, invariahly forceful, Mr Trimble has served notice that he will take the message of a United King-dom, whole and inviolable, to whoever will listen.

"I don't want to sound grandiloquent or vainglorious," be says. "But while John Major might be a pushover, we're

It is only six weeks since his surprise election, but he is preparing for a visit to Washington in 10 days to badger those who see Mr Gerry Adams, the Sinn Fein president, as a bold Irisb democrat. He has already broken an old taboo by travel ling south and shaking hands with the Irish prime minister on the steps of government buildings in Dublin.

It is a far cry from the unionism of Mr James Molyneaux, ssor whose leader ship of the UUP began in 1979, the vear Baroness Thatcher became prime minister. Mr Molyneaux thought he had the governments. He believed the unionist cause was best prosecuted through his easy access to Downing Street.

Last February's Anglo-Irish framework document changed that. More outspoken unionists such as Mr Trimble accused the government of treachery and of pulling the wcol over the eyes of the ever-willing Mr Molyneaux, whose position became untenable.

The problem for unionists hitberto has been that, apart from supporting broad efforts to secure peace in Northern Ireland, they have had little positive to offer. Policy was dictated by reaction to the latest initiative from London. Dublin, Sinn Fein or the more moderate nationalist Social Democratic and Labour party. They appeared ill at ease on

Mr Trimble can oow hardly be kept off the airwaves - and be is getting better at it all the time. Before his election, he stormed out of a TV studio oo being told that be would be sparring with Mr Martin McGuinness, number two in Megaphone diplomat



decide about delegations'

rooms before anyone's agreed to join these talks?" says Mr

Trimble, "This is typical Stor-

mont castle [headquarters of

the Northern Ireland office]. It

never thinks of consulting peo-

ple. It just goes gaily ahead.

It's part of the mental degrada-

tion we have suffered as a

culties the peace process has

run into bave stemmed from

the office of Mr Dick Spring.

the Irish foreign minister. That

view is sbared by many in

Whiteball who blame Mr

Spring and Mr John Hume, the SDLP leader, for the cancella-

tion of last month's summit

between Mr John Major and

Mr John Bruton, the Irisb

prime minister, after veiled

threats from Sinn Fein of a

Mr Trimble believes the

Spring agenda is to blur the

distinction between prelimi-nary talks, which the Ulster

Unionists are prepared to Join,

and all-party talks on a final

settlement for the province.

which they will not enter until

Sinn Fein meets the conditions

for decommissioning arms. He

return to violence.

he conspiracy theories

do not stop there. According to Mr Trim-

ble, many of the diffi-

result of direct rule."

Trimble: determined to present a positive agenda

shadow Northern Ireland secretary, who was in the television station at the time, took Mr Trimble aside and told him to "get real"

Mr Trimble is determined to present a positive agenda. He is pushing bard for a Northern Ireland assembly; if Sinn Féin were elected to such a body, he would talk to it. Part of the reason unionists have been so donble-crossed, he believes, stems from direct rule which bas left them without a directly elected forum for the province.

But events have had a babit of dragging him along. He was forced on to the defensive on Tuesday when Sir Patrick Mayhew, Northern Ireland secretary, suggested the government could conceivably drop Its insistence that the IRA hand over some arms before Sinn Fein was allowed to join all-party talks. Mr Trimble fervently opposes any watering down of the cooditions for allparty talks.

To add insult to injury, Sir Patrick made his statement in a conference chamber in Belfast which he announced had been prepared for all-party

"They said preliminary talks would he about bousekeeping Sinn Féin. Ms Mo Mowlam, matters. So how can they

sees the Anglo-Irish "twin-track" approach, in which the arms issue would be dealt with by a US-led commission as preliminary talks get underway. as riddled with traps for the

"The British say they are sticking by the conditions. What worries me is that they may subsequently succumh to pressure," says Mr Trimble. Mr Trimble deploys his bar-

rister's skills to anticipate his foe's next move. He believes one of Sinn Féin's tactics is to have him portrayed as an extremist - as, for example, over the 48-hour stand-off during the summer when the police attempted to stop Protestant Orangemen under his leadership marching through a Catholic estate near Portadown. Many unionists say his role in Portadown secured his victory in the leadership elec-

"I couldn't avoid it," he says. "It was in my constituency. Sinn Féin are trying to organise disturbances in towns in my constituency in the hope of embarrassing me.

Mr Trimble has made clear he will talk to anyone - short of Sinn Fein – about anything. He is prepared to demonstrate flexibility in the day-to-day manoeuvrings. But any government that pushes him too far will pay the price. The unionists withdrew support from Mr Major's administration when the Anglo-Irish framework document was published setting out the programme for negotiations.

We said we'd have to withdraw support on matters of confidence because the document is anti-unionist." he says. The government has not yet clearly moved away from the document. We'll need more than that before we revise the judgment we made in Febru-

He adds: "When it's a matter of a vote of confidence, abstention isn't really an option. We will vote solidly en bloc. It is not right for the government to neutral as to the existence of the country it governs."

Was he prepared to bring down the government? "Oh yes," he replies enthusiastically, But it wouldn't be us doing it. It would he parliament." At that he skipped away with a smile, late for an appointment at the television

John Kampfner

# A moment of danger

Trafalgar House is struggling to stay afloat, says David Wighton

rafalgar House, a group combining some of the world's bestknown names in engineering, construction and shipping, is navigating rough seas. The owner of the Cunard cruise line. Trafalgar yesterday admitted it is taking on water at an increasing rate, with losses mounting across its main businesses. It is a measure of the depth of Trafalgar's problems that this admission helped calm the fears which have driven the company's share price down by

doubts over Trafalgar's prospects for recovery.
"There is no immediate danger of it going under but it cannot keep on losing this sort of money for much longer. according to one analyst.

But it did little to address the

Although Trafalgar has had serious trading problems for some time, there was until recently little donbt that it would be floated off the rocks eventually. Investors' confidence rested on the presence of Hongkong Land, which bailed Trafalgar out in 1993, injecting more than £300m in return for a 26 per cent stake.

An offshoot of Jardine Matheson, the trading empire run by the Keswick family. Hongkong Land runs the show at Trafalgar, the two compa-nies share s common chairman in Mr Simon Keswick

Although Hongkong Land's investment in Trafalgar has to date fallen £200m in value, it has ample resources to rescue the company again if need be.

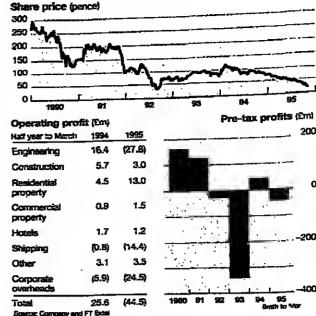
The investment in Trafalgar was an important part of Jardine's strategy of channelling cash out of Hong Kong, and the assumption in the City has been that the group would do whatever was required to turn Trafalgar round

But the assumption started to he questioned in August when Trafalgar House decided against making a new bid for Northern Electric, one of the 12 regional electricity companies.

Dubbed a "financially challenged conglomerate" Northern when it launched its first bid last December. Trafaigar pulled its offer when the regulator electricity announced a review of the industry's price controls. It decided against mounting

another offer after the new pri-

Trafalgar House: in stormy waters



cing regime was announced on the grounds that Northern's share price had risen too high. But the City immediately concluded that Hongkong Land had refused to put any more

money into the group, causing the shares to resume their downward spiral. Yesterday brought only modest reassurance as to Hongkong Land's commitment to the group. Hongkong Land made no comment, but Mr Nigel Rich, Trafalgar's chief executive, said: "Hongkong

remains a long term investor and is supportive of the actions management is taking." Although this scotched rumours that Hongkong Land was about to walk away, analysis described the statement

Land has confirmed that it

as "less than wholehearted". Some observers were surprised Hongkong Land did not make a more forthright commitment, given the damage that continued uncertainty

could have on Trafalgar. Trafalgar's engineering and construction companies which include names such as John Brown, Davy, Trollope & Colls and Cementation - work on large, long-term contracts and would find it difficult to pick up new orders if there were serious donbts about the group's survival.

Trafalgar's dependence on

such long-term contracts partly explains why Hongkong Land has struggled to get to grips with the business. "You really have to look at every contract to find out whether it is actually profitable or ever

likely to be before you can do anything," says an adviser. One of the most surprising aspects of Hongkong Land's involvement is bow long it took to recognise the scope of Trafalgar's problems. By June 1993, Hongkong Land had replaced most of the old board. installing Mr Keswick as chairman and Mr David Gawler as finance director.

But Mr Rich, who arrived in August 1994, argues that his efforts to get a grip on the group's problems were hampered by the lack of a coherent set of management accounts covering the whole group.

This is turn was a legacy of Sir Nigel Broackes, who put the group together during the 1960s and 1970s. Together with Lord (then Victor) Matthews, Sir Nigel bought a wide range of companies including Cunard, the Express newspaper group (which was floated off in 1982) and the Ritz hotel in London (sold earlier this month).

This process culminated in the disastrous acquisition of Davy Corporation in 1991 which, together with the impact of the falling property market. undermined the group's balance sheet just as its engineering and construction husinesses turned down In the three years to Septem her 1993. Trafalgar recorded

total after tax losses of 1582m and a £205m rights issue in February 1993 had to be fol lowed by another £425m cash call at the end of the year. This restored Trafalgar's halance sheet and the group briefly returned to profit in the first half of last year. But the

recovery did not last in May it announced interim-losses of £48.2m and Mr Rich warned that it would be two or three years before the group generated a satisfactory return for shareholders.

ts most severe problems are in engineering contracting and the UK construction business, both of which are undergoing another round of rationalisation. This has reduced the workforce by more than 1,500 in the year to September.

Short-term prospects are equally gloomy at Camard, which has suffered from years of under-investment. It is expected to have lost money last year even before tha impact of the refit of its flag-ship, the QE2, in December which led to a public relations. disaster when it set sail with passengers before the work was completed. Following yes terday's statement, some analysts are forecasting losses of almost £180m this year.

But Trafalgar House still has some breathing space because of the relative strength of its balance sheet. The company said that net debt at the end of . September was below the interim level of £248m and it is believed that it will not break its banking covenants. This suggests it will still have net assets of more than \$500m at the end of the year - a much healthier halance sheet than many other contractors.

Given the growth in infrastructure projects in Asia, where the group is strong, the longer-term prospects for the core engineering and contract-ing husiness are hrighter, But the group still has to work through its legacy of unprofitahle old contracts and, with further outside financial help outof the question, the recovery is likely to be painfully slow.

# LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938 (please set fax to 'fine'). Translation may be available for letters written in the main international languages.

just that; ie a standard for governments bave different

### No secret that German CDU seeks common EU defence

From Mr Klaus Welle. Sir, Your report from the Christian Democratic Union (CDU) congress ("Ruhe attacks minister's anti-EU speech",

October 17) quotes Mr Graham Mather, a Conservative MEP, as saying he has "evidence" that the German CDU hopes to achieve a common European defence policy based on major-

ity voting. This is an open secret. It

Here is some more informa-

From Mr Ian Harden.

tion to alarm those enthusiastic about a return to the 19th century: at Madrid hetween November 5 and 7, the European People's Party (20 parties from 13 EU countries) will debate proposals for the 1996 Inter-governmental Confer-

These include: the integration of the Western European Union into the EU; and joint action in foreign, security, and defence policy to be decided by

Convergence criteria accommodate all

determining which member

states adopt the single cur-

Those who bave heen impressed by the EU track record in former Yugoslavia will no doubt prefer to stick with the current unanimity rule, which has done so much to ensure paralysis and left the US in effect to take over the handling of the whole debacle. Klaus Welle, European's People's Party,

67 Rue d'Arlon, the Council of Ministers on the | B-1040 Brussels, Belgium

aspirations. The Maastricht

convergence criteria can

faculty of law, Crookesmoor Building,

Sheffield S10 1FL, UK

#### Time for a stand to be made From Mr Les Robinson.

Sir. Britain is in a mess about central European time. Has it become a talisman for government independence from Brussels? If so, at what cost in lost contact and inconvenience to companies?

My company is developing cross-border business with northern France, physically as close to Brighton as is Bournemouth. Yet we routinely lose touch with French colleagues for two, three or even four hours a day simply hecause start, finish and lunch times

are offset one hour. Overlap with the eastern US is simpler and, despite five or six hours difference in timezone, can be as long as with western Europe (morning in New York equals UK after-

noon). I don't expect this administration to do anything radical but from past experience it can recognise a fait accompli, eg Sunday opening in the shops. So I suggest: let all Financial Times readers just decide not

to put their clocks back on Sat-urday night.

Think of the advantages.
We'll be first in the office on Monday, trains and roads will be empty, pubs open until mid-night! Who knows, we might

#### rency when the third stage of accommodate these. What they cannot do is satisfy those Emu begins and which do not. whose aspirations are unrealis-For some states, it may be tic given their circumstances.

easier road to monetary union", October 17) and Avi-nasb Persaud (Letters, October 18) both assume the Maastricht convergence criteria are targets which economic policies of the governments of all member states should aim to achieve. An alternative view is to

protect BBC coverage of sport.

The reason is that the interests

of consumers, the viewing pub-

Sir, Paul De Grauwe ("An

realistic to pursue economic policies intended to meet the convergence criteria in the near future. For others it may not. States have different ecoregard the criteria as being | nomic circumstances and their

Sports coverage on TV needs to be protected Ryder Cup is a disaster, not | course. Presentation of leading From Mr Geoffrey Dean. Sir, David Elstein (Letters, the benefit claimed by Mr October 13) asks why should the government intervene to Available from start to finish

maybe, but with frequent lengthy interruptions for commercials, abysmal commenlic, require it. For real golf fans, Sky's takeover of the tary, and camera coverage restricted to a fraction of the

sporting avents must not be reduced to the level of the lowest common denominator. Geoffrey Dean, 23 Bolnore Road Hayroards Heath West Sussex RH16 4AB.

start a trend. Les Robinson, 27b Clifton Road Brighton BN1 1AF.

#### No compromise on standards set for nuclear safety in the UK From Mr John G. Collier. complementary; thay are the

Sir, I want to demolish the canard that privatisation will have any adverse impact on nuclear safety at Britain's nuclear power stations "Safety warning over nuclear power sell-off", October 18). I write as chairman of Nuclear Electric with more than 40 years' experience in the nuclear industry, much of it directly related to

Over the past five years Nuclear Electric and Scottish Nuclear have both achieved exceptionally high safety standards, while at the same time considerably enhancing their commercial performance. Safety and performance are

hallmark of a quality company.

More importantly, there can be no compromise on safety as a result of privatisation for one prime reason - the Nuclear Installations Inspectorate will continue to regulate the same stations in the same way to the same very high standards. It is worth noting that in their submissions to the government's Nnclear Review, the NII and the Health and Safety Execu-

tive said they saw no need to change these arrangements. Both Nuclear Electric and Scottish Nuclear have an absolute commitment to safety. We have dona this by adopting the best management practices in

both the safety and commercial fields. Performance targets for safety staff are not driven hy profit. Their prime targets are demonstrable enhancement of safety as measured by a series of performance indicators given in our published annual bealth and safety

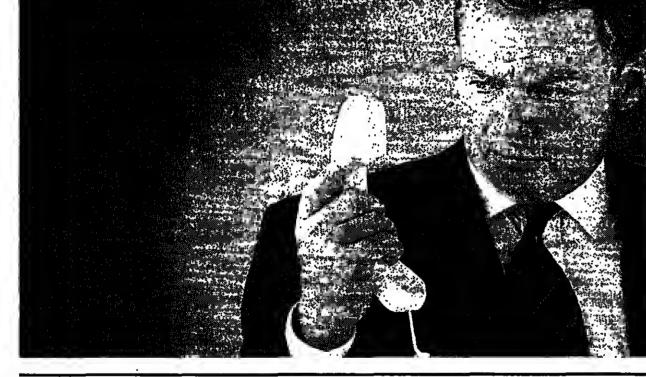
By any objective standards this has proved successful - all our health and safety indicators (radiation dose to workers, incident statistics, etc) are far improved since both companies' formation in 1990.

Nor is this experience limited to the UK. All the direct evidence from the World Association of Nuclear Operators

and from others is that the type of ownership (public or private) has no bearing on the level of safety achieved -indeed, a recent study in the US, where the majority of plants are privately owned, has demonstrated that plants with the hest commercial perfor-mance also have the higher safety performance.

Nuclear power will not survive if our stations are not operated to the highest levels of safety - but then our staff will not permit anything less. John G. Collier. Nuclear Electric.

Barnett Way, Barnwood, Gloucester GLA 7RS, UK



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INTELLIGENT THINKING

المحالنمانهم المحالم

# FINANCIAL TIMES

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# Fed-Bank of Japan accord

There cannot be many countries in which a real estate company can sell half its assets at a loss of nearly \$2hn and still be left with equity capital of more than \$1bn. Japan, where Haseko Corporation reported these figures yesterday. is clearly one of them. The survival capacity of this builder of condominiums, hitherto little known outside Japan, is impres-sive. Yet the fall of around half in the value of its assets underlines the seriousness of the Japanese property crash for banks exposed to more thinly capitalised borrowers. Nor is the international hackwash of Japan's slow-motion banking crisis negligible.

in the aftermath of the collapse of three (relatively) small lenders in the summer, and last month'a revelation of losses at Daiwa Bank, the markets are forcing Japanese banks to pay a premium for funds. Repeated assurances that any systemic threat will meet with unlimited injections of liquidity into the system have failed to convince some international lenders. Credit lines have not been

The degree of global financial interdependence is now such that few can ignore the potential bere for destabilising shocks, least of all the US, where Japanese investors hold a significant proportion of the stock of bonds and equities. There is a fear in the US Treasury and the Federal Reserve that any loss of confidence in a Japanese bank in the US might lead to a crash in the capital markets. A threat to the payments system might also arise.

That would certainly provide justification for the agreement between the Fed and the Bank of Japan whereby the Fed will offer dollar support to Japanese banks in any crisis on its doorstep. A bilateral lender of last resort agreement of this kind is an wider financial community.

unusual hut logical response to the international spillover from the Japanese financial crisis. Nor is it entirely without parallel.

One obvious precedent for such co-operation is to be found in the heyday of the gold standard between 1880 and 1913. Then, the degree of financial interdependence was also extensiva. And when banking crises caused gold to flow out of central banks into private hands, so posing a threat to the free convertibility of domestic currency into gold, central banks sought support from their foreign opposite oumbers. The parallel should not be taken

too far. Before 1913 helpful adjust ments to monetary policy and shipmeots of gold by mutually supportive ceotral banks were aimed at preserving the international monetary regime, rather than stabilising banking systems as such. As for the nature of the proposed safety net, the Fed is not charging the Bank of Japan the penalty rate advocated by Walter Bagehot in his classic prescription for the lender of last resort in Lombard Street. Any loans are expected to be short term, at market rates, hacked by the collateral of the Bank of Japan's holdings of US Treasury bonds. This makes the criticism expressed this week hy aenate hanking committee chairman Mr Alfonse D'Amato

look ill-judged, if predictable. Whether the Fed's worries are well founded remains to be seen. With a financial meltdown in Japan, the yen would weaken against the dollar, in an international flight to quality the US capital markets and a recapitalised banking system would look an attractive safe haven. But there is still everything to be said for the Fed taking out insurance against trouble. This accord serves the interests of both the US and the

### Real shadows

Labour party rules, a sizeable part culated that his tactical skills will of the next British cabinet may be needed, if Labour wins the next have been appointed yesterday. After an election among Labour MPs that produced more surprises than comfortable for Mr Tony Blair, tha Labour leader had to conduct more than a token reshuffla of his front bench team. The result. like the curate

good only in parts. The most important shadows chancellor Gordon Brown, foreign secretary Robin Cook and home secretary Jack Straw - remain untouched and form a credible, if not always cohesive, team. Otherwise, Mr Blair has had to make the best of the hand dealt him. The higgest move – that of Mr Donald Dewar to chief whip – was not unexpected but still slightly

odd. Mr Dewar is ooe of Labour's more able parliamentary performers, and has spent the past year grappling with that most sensitive of policy areas, pensions. Against

Thanks to the peculiarities of that, the leadership must have calelection, for what promises to be a legislation-packed first year.

None of the other joh shifts is an ohviously retrograde step. Mr Blair still has a problem, however, in the overall thinness of talent on his team. Mr Michael Meacher at employment ar s Harnet Hai man, now at health, are among the weaker shadows. With excep tions such as Mr Alistair Darling and Mr Brian Wilson, Lahour's junior ranks are not exactly hursting with stars either.

Mr Blair could, of course, tear up the rule dictating that he appoint his ministers from the elected shadow team. It seems he has decided, for now, that the benefits of giving himself a free choice are outweighed by the row it would cause. He may be right, hut it is a safe bet that the first reshuffle of a Labour government would not be long in coming.

# **UK** Budget

Mr Kenneth Clarke, the chancellor, has promised a Budget hased on traditional Tory valnes". For many that implies a Budget to boost the family. This notion has something to recommend it - provided Mr Clarke aims his support at families' incomes, and not, as many Conservatives suggest, their structure.
Party activists argue that the

government's move towards taxing married people as individuals, rather than as members of a unit, has hastened the collapse of the traditional family and encouraged other arrangements of more doubtful benefit to children. They would like to see Mr Clarke start to redress the balance, for exam-ple hy raising the married couple's allowance, which has been steadily lowered since 1990. Although the MCA provides a

modest incentive to marriage, the tax system overall is now slightly hiased against the traditional married couple - in which only one partner goes out to work - as compared to two-earner couples or single parents. But such fiscal incentives are dwarfed by the broader social trends contributing to the decline of the family.

As the critics point out, the govermment should not be in the business of discouraging traditional families. Yet when the government started to movs towards independent taxation in the 1988 Budget, it was choosing a tax system that would be neutral towards family circumstances. A gimmicky attempt to boost marriage in this Budget would be a striking volte face, even for a chancellor relatively unconcerned with fiscal

niceties. It would also be counterproductive. As the Institute for Fiscal Studies argues, independent taxation does not mean that the government must be indifferent to the financial burdan of raising children, only that it must address this issue through benefit, rather than tax, changes. It suggests that he would do better to abolish the allowance altogether, and use the proceeds to increase child bene-

As well as improving the consistency of the tax system, such a change would have the added advantage of boosting the incomes of tha poorest families, who do not pay tax. But a small increase in child benefit would clearly do less good for non-working families than other, more targeted mea-sures aimed at getting them into work. Despite the existence of the special in-work benefit, family credit, childcare expenses and other up-front costs still tend to make it especially difficult for people with children to take a joh without ending up worse off. The chancellor could recognise this by further raising the childcare costs "disregard" in family credit.

The lag between taking a job and receiving family credit can also be a significant barrier to work. In last year's Budget Mr Clarke pledged to speed up the payment of family credit. But a more feasible way of ensuring noona suffers even a temporary loss of income from taking work would be to institute a guaranteed short overlapping payment of income support, available to all those out of work longer than six months.

The downside of such proposals to some eyes, would be thet, by encouraging single parents to go ont to work, they would bslp make single parenthood more financially viable. Yet relative poverty and dependency on the state pose much graver threats to children's welfare than a shortage of parents. Two other Tory values self reliance, and tha long-term reduction of welfare spending would be well-served by a Budget that took this into account.

#### fter three months of stockmarket decline, the shares of leading US ssmiconductor, computer, software and compnter peripheral manufacturers have surged this week.

The main cause of renewed enthusiasm for bigh technology companies is the success of Windows95, Microsoft's new personal computer operating system. Sales of 7m copies in the seven weeks since it was launched have far exceeded analysts' aales projections and sparked a recovery in much of the

Among companies that hava reported their third quarter results this week, those that have linked their fortunes to Windows95 are mostly performing strongly. The losers are companies competing with Windows95 and related products, as well as those that were late to recognise the significance of the Microsoft product.

The biggest winners, not surprisingly, have been Microsoft Itself and Intel, the leading supplier of micro-processor chips for the PC industry. These two companies have become a dominant force in the industry, aetting the pace of technology advance and influencing the rate of market growth.

Microsoft'a results for tha three months to September 30 were above even the most optimistic Wall Street projections. Net earnings were up 58 per cent on the same quarter last year at \$499m and revenues 62 per cent higher at \$2.02bn.

The company says much of the growth was directly attributable to Windows95. It contributed just over \$800m to revenues for the quarter, with an additional \$130m to be held over as part of a previously announced plan to "smooth" earnings on the new product over the next few quarters.

Defying pessimists who warned that sales would drop off sharply after the publicity surrounding the launch subsided, Microsoft had sold the counter by the end of last week. A further 4m have been sold hy makers of personal computers who install it directly on their machines. Almost all PCs aimed at the consumer market are now being shipped with the operating system already installed, saya Mr Brad Chase, general manager of personal systems marketing at Microsoft. He estimates that 10 to 30 per cent of new PCs sold in the corporate market are also running Windows95.

Investors' concerns had earlier been sparked by analysts' reports that computer stores might be overstocked with millions of coples of the new Microsoft program. Microsoft concedes that there are plenty of copies with retailers, but expects stocks to clear over Christmas. in any case, its sales figures do not

# Windows95 opens profitable doors

Companies linking progress to Microsoft's operating system are reaping the rewards, says Louise Kehoe

to avoid the situation we had experienced with earlier products where there was such demand that resell ers were out of stock," says Mr Brad Silverherg, Microsoft aenior vice-president in charge of Win-

Remarkahly, Microsoft alao ears to have got Windows95 right first time: the new operating system has proved to be bug-free. The company has cancelled plans for the "maintenance release" it would normally have issued within weeks to fix problems in the origi-

The success of the Windows95 launch is felt beyond Microsoft: the operating system is living up to its promise of driving sales of a range of related products. New programs designed to run under it are selling strongly according to researchers. PC Data, a research firm specialising in the measurement of software retail sales, calculates that Windows95-related products accounted for more than a quarter of US software sales revenue in September.

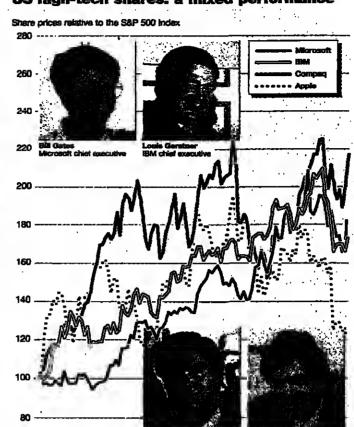
ft has also given a boost to sales of personal computers. Compaq Computer, the world market leader, says it is driving sales in north America to new highs. Compaq this week reported record sales of \$3.6bn for its third quarter, up 27 per cent from the same period last year. Net

income was up 22 per cent to \$245m.
"Demand for Windows95-hased systems has been hetter than we originally anticipated," says Mr Beny Alagem, president and chief executive of Packard Bell, the US home computer market leader. The company switched all its products to Windows95 in time for the August launch. And Dell Computer, which sells

most of its PCs direct to corporate users, says demand for Windows95, offered as an option on its PCs, has been high. "We are very pleased with this landmark product," says Mr Michael Dell, chairman and chief executive.

The picture is less clear outside north America. Compaq belleves huyers in some other markets are deferring PC purchases until local language versions of the software are available. "It's been a mixed bag," says Mr Daryl White, Compaq research firm, predicts PC sales will

US high-tech shares: a mixed performance



chief financial officer, "but overall we are very pleased." Ha predicts the final quarter will be a "barn

Oct\*93

Source: FT Extel

intel's strong results appear to confirm Compag's expectations. The chipmaker's net third quarter profits rose 41 per cent on the same period last year to \$931m, while revmes were up 46 per cent at \$4.2hn. intel makes the Pentium microprocessors which are the "brains" of most high performance personal computers, and its sales provide a leading indicator of PC market

The current spate of corporate results also indicates which hightech companies are not participating in the Windows95 bonanza. They include Novell, which has seen its business applications programs losing market share to Microsoft's Office95, a suite of applica-tions designed to work with the new operating system.

surge 30 per cent this quarter.

Novell says it expects sales of its application programs to drop to \$59m for the three months to October 28, down from \$134m in the same period last year. It does not expect to be able to launch a Win-

until early next year. Apple Computer is also feeling

the heat. Its Macintosh computer range has long sold itself on its "ease of use", which required oo grasp of the complex instructions often needed to run previous Microsoft operating systems. Windows95 gives standard PCs a similarly user-friendly look. On Wednesday, Apple reported

record revenues for the quarter to September 30 of \$3bn, up 20 per cent on last year. But this has been achieved only hy aggressive price cutting net income fell 48 per cent. Even IBM has felt the impact of Windows95. Until the last moment. it hoped that 0S/2 Warp, its own PC operating system, would be a significant competitor to the Microsoft program. IBM was thus the last large PC company to reach a licensing agreement with Microsoft, on the eve of the Angust Windows95 launch. As a consequence, IBM was late in shipping homa computers with the oew operating system.

his was perhaps the least of IBM's problems in the third quarter. It suffered a shortage of power supply units that limited sales of mainframe computers, delays in shipping new high capacity data storage systems and sluggish sales in Europe. Revenues were \$16.8bn for the quarter to September 30, up 9 per cent on the same quarter last year. The company came in below Wall Street expectations with earnings before charges of \$1.3hm, up from \$710m in the same period last year. After charges related to the acquisition of Lotus Development, a PC software company, net losses for the quarter

Windows95 is not the only factor behind the surge in the US hightech sector. The popularity of the Internet, the global computer network, is raising demand for communications equipment. Internet service and software companies.

There is also strong growth in corporate computer networking, in which bundreds or even thousands of desktop computer work-stations ara linked to larger computers throughout an organisation. Sun Microsystems, the leading computer workstation manufacturer, reported revenues of \$1.49bn for its first quarter to October 1, up 17 per cent over last year. Net income rose to \$84.7m, up 120 per

Some analysts predict that the growing importance of computer etworks will eventually undermine Microsoft's dominance of the software industry which is based on PC technology. Yet for the present, Microsoft is king - and Windows96 the standard to which other compa-

#### Fifty years on, the FT's Lex column continues to sharpen its financial wits, says Richard Lambert

trends. Datagnest, a market

ynx-eyed market researchers have observed a curious fact about the Financial Times: a rather large numto front. That is, they hu riedly skim through page one, and then settle down with a frown of concentration to the top right hand corner on the back of section one: the home of the Lex column.

Last night a group of present and former Lex columnists gathered to celebrate 50 years of its publication in the FT. It was an occasion for reflecting on what had changed over the half century, and what had remained constant.

One constant feature has been a spirit of robust, even sometimes arrogant, independence. A crucial moment in the collective memory is of the aluminium wars in 1958-59, one of the great set-piece episodes of the City's postwar history, when British Aluminium was on the wrong side of the first of the big contested takeover bids. The late Arthur Winspear, Lex at the time, came out strongly and suc-cessfully against the hulk of the City establishment - a group that happened to include Lazards, in which the FT's new owner Pear-

### An independent voice ber of our readers tackle the paper son bad a significant interest. margarine in the third quarter for a significant chunk of its overall

historian, there could hardly have been a more critical test of the FT's independence. The one constraint on the column - very much self-imposed - is that it has never commented directly on the affairs of Pearson, for fear that in an unkind world compliments or hrickbats would both be misinterpreted.

Although the character of the column may not have changed, its content has. Up to the late 1970s, it concentrated on UK company affairs. Investment analysts were scarce in the early days, and Lex was among the few to phone the chairman of Imperial Chemical industries on the day of the results. You wrote down what he said, and evaryone thought you were a

But the marketplace moved on. First, City firms hired armies of investment analysts. Lex retained Its access to senior corporate figures, but was no longer the only one interested in finding ont and the development of the interna-Unilever's profit margins on tional edition, which now accounts

in debt markets, both domestic and international: the result of government mismanagement and the growing hunger of international borrowers. More recently, inflation and currency instability have brought new markets into existence

It has to sift through the noise and jumble which swamps the world's computer terminals each day

 futures, options, swaps and so on.
 Lex plainly had to take an interest in all this complicated stuff, especially after the abolition of UK exchange controls in 1979. This led to a rapid huild-up in the international holdings of UK investors.

That same year marked the start of the FT's publication in Frankfurt

tional readars, the column bas recently started to appear in two different versions, one for the UK and one for elsewhere. Comments that are left out of the column in either edition are published elsewhere in the paper. The result of all this is that

although UK company affairs remain a central interest of the column, its remit has broadened. And there is no longer even the pretence that the column is written by a single person the present team numbers fiva journalists. And the future? Readers will

increasingly have access to electronic information. But the column's two main qualities will, if we get it right, hecome even more important.

The first is its indapendence. Over the past decade, financial conglomerates have sucked in large numbers of investment analysts and commentators. Especially at moments of high drama - a takeover hid, or a big flotation - it is

hard to find a serious volce in the financial community which does not have some kind of axe to grind. The second is its judgment. To

prosper in a world of real-time ormation, husines will have to offer at least two important services: editing skills, and content which is exclusive, either because po-one else has the information, or because the analysis and argument are of the highest available quality. So Lex has two tasks. In a

marketplace which is drowning in data, it has to sift through all the noise and jumble which swamps the world's computer terminals each day, and select the four or five business stories, themes, or trends which most of its readers are likely to want to read about.

And it has to offer some kind of insight into these items, which are both relevant and not readily available elsewhere. It is a tall order, but one which should make Lex more rsther than less valuable to its readers in the years to come.

However, there are no plans to restore the column to page one of the FT, which is where it lived until the 1960s. So its fans will still have to read the paper back to front.

### **OBSERVER**

#### Planned by robots

■ With only a couple of months before the start of Italy's six month presidency of the European Union, EU diplomats in Rome are fretting that the government still hasn't announced a venue for two crucial summits - one launching the inter-governmental conference and the other wrapping up the Having already used Rome, Milan

and Venice, the IGC summit might be in Florence. The final European Council, meanwhile, could be staged in Turin, home of Fiat. Turin's short-listing has prompted mutterings about favouritism -Susanna Agnelli, sister of Fiat's chairman Gianni, is, after all, Italy's foreign minister.

Prime minister Lamberto Dini's procrastination apparently stems from a wish to minimise the risk of complaints from other Italian regions, who would be deprived of the opportunity to host one of the informal ministerial meetings. "It makes it very difficult for those of us who have to check out hotels and so on," complains one EU

No problem in Turin, at least: the government can always call on a certain local carmaker to block-book the city's hotels for the diplomatic corps. It did exactly the same for more than 1,000 journalists at August's launch

of its latest model.

Shaken or stirred? ■ It gives us no pleasure to report that the UK's Foreign Office have turned a diplomatic cock-up into a disaster. Observer suggested this week that the Foreign Office's staging a cocktail reception on Tuesday for a Nigerian investment conference sat rather uneasily with its earlier strictures about Nigeria's

military regime.

The cocktail party went ahead, but with some problems. Enter the Nigerian delegation, led by high commissioner Alhaji Abubakar Alhaji, KBE, and chief Ernest Shonekan, former head of government, two of the most influential figures in General Sani Abacha's regime, and in the nro-reform camp.

They had been told that a junior minister would be their host. Not so. Their presence warranted no more than the West Africa desk officer - which was taken by the Nigerians as a diplomatic sunb.

So having infuriated the Nigerian opposition by holding the party in the first place, the chaps in Whitehall then proceed to irritate the government. Ah well, at least it's even-handed.

Growth industry ■ The People's Committee in Ho Chi Minh, Vietnam's largest city, has considerable clout. It's just produced a somewhat bizarre edict pronouncing a no-smoking week in the city, from next Monday.

All government officials and Communist party members will have to join a campaign to reduce their nicotine intake. Smoking in all sorts of public places will be banned. From the end of the month all advertising for foreign and domestic cigarette brands must be removed from the city precincts. Even outdoor umbrellas with cigarette adverts have to go. So far the rules apply only to Ho

Chi Minh City, but it's more bad news for cigarette manufacturers like the UK's BAT, which opened a multimillion dollar factory in the city last year. Soon after starting production BAT was shocked to find the government releasing bundreds of thousands of cheap impounded smuggled cigarettes onto the market.

#### Scratch my back

Chancellor Helmut Kohl's Christian Democrats might be set again to become Berlin's largest party after next Sunday's elections. but the path has not been entirely smooth.

Eberhard Diepgen, the CDU mayor, for weeks bad been plastering anti-communist posters across the city, for all the world as though the cold war lived on. One carried a slogan exhorting voters "don't dare let red/green lice under

the skin", a warning against a possible minority coalition of Social Democrats and environmentalists. which in turn would need to be propped up by the Party of Democratic Socialism, the heir to the former communist party.

That kind of sophisticated political wit annoyed even CDU supporters in east Berlin, who told their central HQ the posters were insulting, suggesting as they did that anyone who voted social democratic or green were either communist or had lice. The posters were withdrawn, but have left a nasty itch hehind them.

#### On the wing ■ News that 14 Pakistani

apparently hunting jobs in Japan, may cause wry smiles in Morocco. in 1992 six members of the Ethiopian national team jumped ship in Rome, en route to a World Cup preliminary fixture in Casablanca. With only six able-bodied Ethiopians on the pitch. the match was eventually abandoned: the side valiantly tried to maka do with two goalkeepers and a 40-year-old deputy coach to

footballers from Crescent Textile FC

have gone missing in Tokyo,

avail. The 14 Pakistanis at least had the good grace to play their match before going absent without leave; they lost 9-1 to top local side Kawasaki Verdy.

make up the numbers, but to no

# Financial Times

#### 50 years ago Senate votes tax repeal

The Senate Pinance Committee has voted by 13 to 3 to repeal the excess profits tax from the end of 1945. The Committee voted to retain the combined corporate, normal and surtax rate at 40 per cent. This reflects the attitude of the Senate, where there is strong sympathy for repeal of the excess profits levy, and contrasts with the action taken recently in the House, which passed a Bill calling for a reduction in excess profits tax to 60 per cent. It is now a question of whether the Senate views will prevail over those of the House, or vice-versa.

I.G. Farben plant destruction Orders have been given for the blowing up of three LG. Farben munitions plants in Southern Germany, it is announced by the American Office for Military Government in Germany. All equipment not specifically designed for making munitions will be removed from the plants and earmarked for reparations before the plants themselves are

blow up by American Army demolition crews.



# FINANCIAL TIMES

Friday October 20 1995

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Bonn pressing ahead with plan to cut taxes and spending

# German savers promised wider investment choice

Germany intends to give savers a wider choice of investments in Its programma to deregulate and strengthen its financial markets, Mr Theo Waigel, finance minister, said yesterday.

In a wide-ranging speech, he also spelled out the government's hopes for lowering taxes before the end of the century.

Meanwhile, Mr Friedrich Bohl.

the chief of staff in the chancellery, announced that a governent working group was preparing proposals to ease access to risk capital for people wanting to start new companies.

Both statements marked a new determination from the centreright coalition to encourage investors and husinesses following Chancellor Helmut Kohl's call this week for greater risktaking by entrepreneurs in Germany to combat unemployment.

Mr Waigel told the association of public sector banks in Bonn

The costs, after tax, of living in

The French government, with

sin are about to rise in France.

an eye on the budget deficit, con-

firmed yesterday that it would

reform the tax code which allows

cobahiting couples with children to benefit from higher deductions than those allowed to married

Under existing rules, a tax-

payer can claim a deduction for

each child for which he or sha is

responsible. Two unmarried peo-

ple living together can both claim

this deduction, while married

couples are unable to double

their deductions.
These tax benefits have pres-

ented an increasing challenge to

fiscal rigour as the number of

cohabiting couples has risen

steadily in France over the past

few decades to an estimated one

"bundle of measures" that could form part of a law to encourage financial markets.

These included authorisation of "funds of funds" (pooled investment vehicles investing in other funds) and equity funds with fixed maturities; creating a legal framework for closed-end investment funds similar to quoted UK investment trusts; parmitting property funds to invest in property companies; allowing tovestment funds to huy over-the-counter options to hedge positions; and permitting investment funds to invest some liquid assets

in money market funds. Officials say a hill to widen the range of investment opportuni-ties for savers should be ready

At the same time, the government will press ahead with plans to cut spending and taxation. Mr Walgel said its aim was to use money from public spending cuts equally for tax cuts and reduc-

to pay more for living in sin

lowed long-standing lobbying from pro-family organisations,

whose views were echoed by cen-

tre-right political parties in the

National Assembly during the

of finance, told French deputies

that he wanted to create "equal-

ity" between married couples and

those who live together out of

wedlock, in a change to the hud-

have less to do with morality

than the need to reduce the pub-

lic sector deficit, which must be

cut from its current level of more

than 5 per cent of gross domestic

product this year to 3 per cent by

1997 to meet the conditions for

could bring in FFrihn-FFr2hn

(\$200m-\$400m) a year in addi-

Officials estimate the reform

European monetary union.

However, the decision may

Mr Francois d'Aubert, minister

budget debate.

get law.

tions in the federal deficit. By the end of the decade, he hoped to reduce the amount of tax as a proportion of Germany's gross domestic product by 1½ percentage points. Taxation and social levies now amount to nearly 48

per cent of GDP. Mr Waigal said he hoped to begin reducing the "solidarity levy", which adds 7.5 per cent to income tax to help support eastern Germany, in 1998. He also said the government wanted to reform income tax leading to lower top tax rates than the present 53 per cent.

Other priorities were further raforms of corporate taxation, inheritance and wealth taxes and changes to the tax system to curb environmental pollution.

The minister said he had discussed plans to abolish the local trading capital tax, a levy companies have to pay to local authorities whether they make profits or not. He will discuss scrapping the

the tax code for those who cohahit have been rejected by

successive governments, includ-ing that of Mr Edouard Balladur,

the previous prime minister from

the Gaullist RPR party who lost

in his presidential campaign hid

The decision was sharply critic-

ised by opposition members of

parliament, who claimed cohabit-

ing couples were faced with dis-advantages in other aspects of

One deputy likened the act to

'social racism", while another

sald the government was

attempting to become "censor of

Mr George-Henri Charpentler

a tax lawyer in Paris, stressed yesterday that the tax code had

never been designed to encourage

unmarried cohabitation, but sim-

ply to provide support for single

a certain moral order".

people with children.

earlier this year.

French law.



Theo Waigel: looking to changes in law on financial markets

while, Mr Bohl told businessmen in Hessen that the government intended to shorten Germany's planning procedures to encourage investment.

One idea was to offer companies a fast-track approval on the understanding they would carry the financial risk of meeting any conditions that might be imposed

In Frankfurt, senior investment and stock exchange officials welcomed the proposals.

# French taxman asks couples | Minister

Continued from Page 1

Mr Dini is supported by the parties of the centre left. But Reconstructed Communism. formed from the hardline of the old Italian Communist party, have been pressing for an end to the Dini government, composed eotirely of non-parliamentarians. If all this party's deputies vote against the government, it might not survive.

President Scalfaro last night conferred for more than two hours with Mr Lamberto Dint, the prime minister, to tackle the 73 year-old justice minister's avowed refusal to leave his port-

date is a disciplinary action without precedent in democratic Italy. But this step cannot be formalised until the view of the constitutional court on the validity of the no-confidence motion

Mr Mancuso's suit, filed with the Constitutional Court early yesterday in advance of the Senate vote, involves interpretations of aspects of the 1946 constitution that have never been ques-

coni's Forza Italia insisted yesterday that the nature of the Dini government had heen changed by the motion, brought by the centre left parties and won hy 173 votes to 3 against and 8 abstentions. President Scalfaro postponed a trip to New York planned for Monday.

# defies vote by Senate

Underlining the serious of the situation, President Scalfaro postponed a trip to New York planned for October 23.

Revoking Mr Manscuso's man-

Members of Mr Silvio Berius-

### Japanese property

Continued from Page 1

ming from its previously unrealised deficits on property holdings. About Y153hn will come from direct losses of the parent company's own land holdings, and Y37hn from the sale of land at an affiliate.

It was not clear yesterday why the company had taken the decision to act now. But in recent months evidence has grown that the decline in land prices has begun to accelerate again.

**Europe today** 

High pressure over the north-western British

Isles will produce settled conditions with

sunny spells. A strong north-westerly flow around this high will push colder air into north-western Europe. Cloud will dominate

or light rain will linger over the southern UK, the Benelux, Germany and Poland. In the wake of this cold front, the contrast between

the cold air and the relatively warm seas w

cause showers over Denmark and the Baltic Sea. High pressure west of France will

# Daewoo buys Steyr stake

Continued from Page 1

about Sch3.1hn of the group's Sch10.9hn aales this year and employ 1,900 of its 5,900 staff. Mr Guido Schmidt-Chiari, Creditanstalt chief executiva, sald final prices for the transactions had not been set.

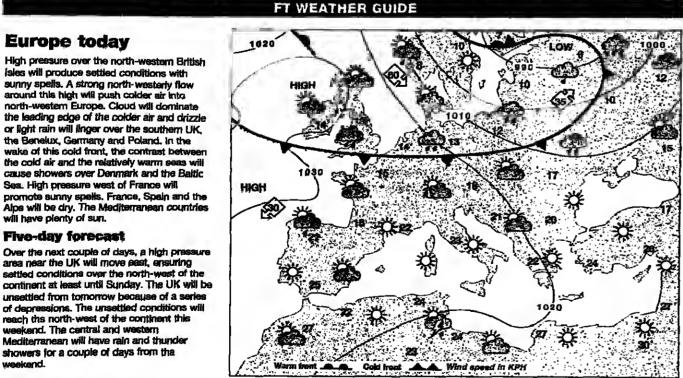
Independent auditors would carry out valuations to make sure that the prices paid by the bank for its purchases were fair. Daewoo would pay no less than the Sch160 per share closing price of Steyr shares on Wednesday for

No offer is being made to the minority public shareholders, who hold about 26 per cent of Stevr's shares.

However, the group, which returned to profit last year, would pay a dividend on this year's results for the first time ince 1991, he said.

Steyr has had a difficult time in the past 15 years. It had to be refinanced in 1985 after larga losses and the government's refusal to authorise tank exports, and has shed many of its activities or put them into joint ven-

#### its stake, said Mr Schmidt-Chiari.



Over the next couple of days, a high pressure area near the UK will move east, ensuring settled conditions over the north-west of the continent at least until Sunday. The UK will be unsettled from tomorrow because of a series of depressions. The unsettled conditions will reach the north-west of the continent this weekend. The central and weste Mediterranean will have rain and thunder showers for a couple of days from tha

Five-day forecast



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#### THE LEX COLUMN

# Haseko's hara-kiri

In a country where consensus is prized, Haseko Corporation's blunt disclosure of a Y185hn (\$1.8hn) loss on its property portfolio will cause discomfort. Banks, investors and the Japanese government are all aware that the country's property values are still overstated in corporate balance sheets. But for political reasons and to avoid extra strain on a financial system already weighed down with Y50,000bn of bad debts, it has been convenient to pretend otherwise. Now a second-tier construction company, capitalised at Y150hn, has blown their cover.

Like many companies. Haseko moved heavily into property develop-ment during the bubble years of the 1980s. Yesterday the company wrote down a large chunk of this portfolio hy more than 50 per cent.

Since the property market is cur-rently so gridlocked that transactions are almost non-existent, true values are impossible to gange. But the recent sale of a Tokyo hotel for only a fifth of its peak value - and then only to a subsidiary of the company selling it - suggests that even Haseko may not be owning up to the full horror. That makes it difficult for other companies, whose financial positions are even weaker than Haseko's, to follow

While Haseko's pioneering move clearly causes short-term pain, there is also a silver lining. Only by first cutting values to realistic levels can a liquid property market re-emerge, And only then can land prices start to rise again - something central to Japan's wider economic revival.

#### Australian governance

Yesterday's victory for institutional investors in their campaign to shake up Coles Myer's hoard is not only good for the Australian retailer's shareholders. It sends a powerful message that Australian corporate governance is being cleaned up. Coles was a hard nnt for the institutions to crack because Mr Solomon Lew, its ex-chairman, holds a large block of shares and was strongly supported by a group of directors from the Melbourne business establishment. Now that they have flexed their muscles and found them effective, institutions are likely to be more active in other cases - particularly as the growth of Australian pension funds gives them ever more fire-

Few companies are in such need of reformed governance as Coles. Some directors' private companies enjoyed



lucrative husiness deals with the group, raising questions of whether Coles was being run in the interests of directors rather than outside investors. Purists will argue that Mr Lew should have been removed from the board rather than merely demoted to vice-chairman. But the resignation of two allies and the appointment of five new non-executive directors is proba-

bly enough to clip his wings.
Recession sidelined most of the buccaneers who dominated Australian business in the late 1980s, Meanwhile, the authorities have been tightening up rules on reporting requirements and the like. But for many international investors, Australia retains its cowboy image. The Coles victory should further expunge it.

#### Salomon

it should have been a happy day for Salomon. After recent travails, earnings at the US investment bank rebounded to produce the most profitable quarter since 1993. But the decision of its most influential investor, Mr Warren Buffett, to reduca his stake in the group cast a cloud over yesterday's results. Despite careful wording, the Sage of Omaha's decision not to convert the first \$140m tranche of his \$700m holding of preferred shares into common stock at \$38 - a slight discount to the market price - can hardly be viewed as a vote of confi-

Indeed, the firm has been rather accident-prone of late. Last year's. problems were caused by hook-keeping errors, as well as trading loss And earlier this year a laudable attempt to rein in compensation had

to be ditched when staff started had ing out. Furthermore, the detail of the third-quarter numbers is less impres sive than the headline figure. Notori ously volatile proprietary trading helped boost profits. This makes Salo mon's decision to stop splitting results mon's decision to stop spinting regains from the proprietary and client driven husinesses worrying. While management of the two may now be closely linked, the loss of transpar ency is undoubtedly a minus for inves

Salomon is one of the lower-rated stocks within the investment banking sector, at only a small premium to book value. But those looking far a bargain may prefer Lehman Brothers, at a discount to book value, and a more likely takeover target.

#### Trafalgar House

Conglomerates are supposed to offer the benefits of risk diversification. But Trafalgar House, the engineering to shipping group, is leaking badly on all fronts. Another profits warning yester day revealed that group losses have rapidly accelerated. It is hardly surprising that Trafalgar's shares have fallen 70 per cent since last Decam-ber's abortive hid for Northern Elec-

At least the company's cash position has stabilised. But shareholders should hold out little hope of a dividend. Trafalgar could lose up to £180m this year, close to the company's entire distributable reserves. If its accountants believe there has been a similar diminution in its businesses value, it will be unable to pay dividends until profits recover. Moreover next year's cash position looks worry-ing. A substantial cash outflow will follow another stack of restructuring provisions. Further disposals, and a running down of the housebuilding division's land bank, may be required

to plug the gap.
Fortunately for Traialgar, its largest shareholder, Hongkong Land, remains committed. Trafalgar has failed to provide a safe haven from China risk, but the investment has cost only around 6 per cent of its net assets. Given Hongkong Land's support patient investors in the preference shares should even-tually be rewarded. Their dividend payments will be deferred rather than cancelled, and the current yield is 17.6 per cent. Moreover, ordinary share-holders will bear the hrunt if further cash calls becomes necessary.

Lex comment on UK insurers, Page 26

# ROLLS-ROYCE

#### ROLLS-ROYCE WINS £50M MILITARY AND INDUSTRIAL OVERHAUL AGREEMENTS

Rnlls-Royce Aero Engine Services Ltd. has won contracts worth more than £50 million for seven military customers and an industrial powerplant manufacturer.

This order follows a recent announcement of commercial aero engine overhaul agreements worth £70 million.

The latest contracts involve work no Gnome helicopter engines, marine Tyne and Olympus engines, and the Adour aero engine in addition to component refurbishment for Westinghnuse Chrpnratinn.

#### FJ44 GOES FOR GROWTH IN NEW TRIO

An updated version of the Williams-Rolls F144 engine la to power three new aircraft types.

The 2,300 lb thrust FJ44-2 will power two new business jets, the Raytheon Premier I light aircraft and a new variant of the Swearingen SJ30, designated

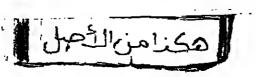
The engine will also power DarkStar, a pilotless reconnaissance aircraft under development in the

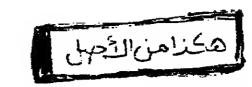
#### COGENERATION PROJECT FOR ROLLS-ROYCE INDUSTRIAL POWER (PACIFIC)

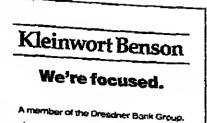
Rolls-Royce Industrial Power (Pacific) has won a contract to provide a cogeneration plant at a New Zealand pulp and paper mill. The NZ \$40 million turnkey project, with the Electricity Corporation of New Zealand, is due to be commissioned in 1997 and residual steam from the steam turbine will be used in the production of pulp and paper. Electricity from the generator will be supplied to New Zealand's national grid.



Rolls-Royce plc, 65 Buckingham Gate, London SWIE 6AT

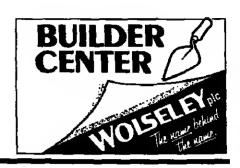






# **FINANCIAL TIMES COMPANIES & MARKETS**

Friday October 20 1995 THE FINANCIAL TIMES LIMITED 1995



IN BRIEF

#### Kashing's son wins control of Gordon

Mr Richard Li, son of Mr Li Kashing, the Hong Kong tycoon, emerged as the new controlling share-bolder of Gordon Capital, the Canadian securities

US drugs groups show strong growth Bristol-Myers Squibb, the second biggest US pharmaceuticals company, reported net profits 11 per cent higher at a record \$689m for the third quarter of this year, while fellow research-based US drugs company Schering-Plough said third-quarter net income bad grown 13 per ceot to \$252.6m. Page 22

AT&T to take \$1.2bn computer arm charge AT&T, the US telecoms company, reported a 6 per cent drop in sales of telephone network equipment in the third quarter, highlighting the pressures which prompted the decision a month ago to split off the business. The group also announced a \$1.2bn charge for restructuring its computer arm, Global Information Solutions. Page 23

Global demand helps Coca-Cola sparkle Coca-Cola, the US soft drinks company, reported a 13 per cent increase in net income to \$502m for the third quarter due to steady growth in domestic and international markets. Earnings per share rose 16 per cent to 64 cents from 55 cents in 1994 - a larger rise than the increase in net incoma because of Coca-Cola's sbare buyback plan. Page 23

Coles Myer chairman to go as dispute ends Mr Solomon Lew said be would step down as chairman of Coles Myer. Australia's largest retailer, days after three institutional investors called for the appointment of an independent chairman. Page 24

BBV flexes earnings muscle with 26% rise Banco Bilbao Vizcaya (BBV), which has the largest deposit base among Spain's private banks, showed its earnings muscle with a 26.3 per cent increase in pre-tax profits to Pta107.4bn (\$872.7m) for the first nine months of this year, Page 25

Mowlem head leaves after interim loss John Mowlem, the troubled UK construction group announced that it bad parted company with its chief executive, John Marshall, four weeks after reporting a £31.8m (\$49.3m) loss for the first six

months of this year. Page 26 French builder slips on downgrade

Saint-Gobain

Share price (FFr)

FFr12 at FFr560. Back Page

Saint-Gobain, the French building materials company, come under pressure on the Paris stock exchange after a French broker lowered its recommendation from "buy" to "sell". The change in stance was in reaction to expectations of weak medium-term economic growth throughout the continent and particularly in France. The shares closed down

ompanies	în	this	issue
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Math.	-		
ANI	24	Giat	
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Alcatel Alsthom	7	Hyogo Bank	
Assoc. Newspapers	7		
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BBV	25	Lufthansa	'
BSO/Origin	25	Matra	
Bank, Philipp. Isles	24	Metro Bank	2
Bankers Trust	21	Mobil Oil Canada	2
Bell Atlantic	23	Moore	2
Berkshire Hathaway	21	Morgan Stanley	2
Bharat Heavy Elect.	24	Motorola	
Bristol-Myers Squibb	22	Nippon Credit Bank	2
British Aerospace	7	Nokia	2
CNR	23	Pacific Century	_
Coca-Cola	23	Philipp. Comm. Bani	
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**Market Statistics** 

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FT-SE Actuaries Indices Foreign exchange Sits prices London share service Managed funds service New York-share service Recent issues, UK Short-term int rales US interest rates

Chief price changes yesterday Pengeol St Boban TOKYO (Yen) Great Eagle Loc Pac Ins Swire Pac A BANGKOK

**Buffett declines Salomon option** 

By Maggie Urry in New York

Mr Warren Buffett, chairman and controlling shareholder of Berkshire Hathaway, the investment group, surprised Wall Street yesterday by deciding not to convert \$140m of preferred stock in Salo-mon inc, parent of the Wall Street securities house, into 3.7m ordinary shares. Berkshire Hathaway is the largest sharebolder in Salomon, with a 17.6 per cent stake in the group, and Mr Buffett is a

leading member of its board.

Mr Buffett insisted the move did not mean he was "negative" on tha company. but the stock market's initial reaction was that he had passed a vote of no confidence

Even though Salomon reported thirdquarter results yesterday well ahead of market expectations, its shares fell \$2% in early trading. However, by lunchtime they stood only \$1% down at \$38%. The group reported third quarter net income of

**Johnson** 

in \$1.7bn

& Johnson

hostile bid

for Cordis

Market interprets investor's decision not to convert stock as vote of no confidence

\$269m, compared with a loss of \$104m in the third quarter of 1994. Many on Wall Street had expected Mr Buffett to switch from the preferred stock because Salo-mon's ordinary shares had been trading above the \$38 a share price at which be could swap the first 20 per cent of his \$700m holding of preferred stock. Instead, he decided to redeem the tranche. There are four more tranches of \$140m falling due on October 31 each year until 1999. Mr Robert Denham, chairman of Salo-

mon, said the decision was "pure Buffett". Mr Buffett said: "I am making a single decision about whether I want to put \$140m into Salomon common stock at \$38 today or whether there is something else I would rather have Berkshire do with the

He said the decision did not predict what he would do on the next four conver-

sion dates Mr Buffett has often said that "Mr Market" - his name for the stock market allows him every day to buy or sell shares in any quoted company. He pointed out yesterday he had not chosen to buy Salomon shares in the market earlier this year when they were trading below \$38, or shares in Coca-Cola and Gillette, two other large Berkshire holdings.

Moody's, the credit rating agency, said the move by Berkshire "generates uncer-tainty about the medium-term ownership structure of the firm". It said it remained negative on Salomon's debt rating outlook even though the third-quarter results were "significantly improved".

Mr Denham said: "The bottom lina on the quarter is we made a lot of money and [through the redemption] bought back a lot of stock." He said the cash needed to redeem the stock was less than 1 per cent of the group'a long-term capital.

The strong third-quarter figures will mean a boost to the salaries paid to Salomon staff. Earlier this year Salomon attempted to cut compensation causing number of senior staff to leave. The scheme was later amended so that compensation reflected individual performances and levels of pay on Wall Street. Since then departures have alowed and Salomon has been able to hire senior peo-

Salomon also announced that it would receive cash of \$22.5m from the settlement of a sharebolder action against former directors involved in the 1991 Treasury

Lex, Page 20; 'Spectacular' results, Page

Manoeuvring coincides with \$205m write-off for derivative dispute

### **Bankers** Trust picks outsider as chairman

By Tony Jackson in New York

The pace of hostile bids in the bealthcare sector quickened yesterday with a \$1.7bn offer for Cordis, a maker of cardiology equipment, from the much larger US bealthcare group Johnson & Johnson. Johnson & Johnson said it would pay \$100 a share in cash, but offered to raise the fig-

ure to \$105 in an agreed stock swap, which would be tax free. Cordis said it bad "no definitive comment" on the offer, which it said it would have to evaluate. Its sbares were up \$21% at \$107% by lunchtime. Cordis is a leading supplier of equipment for angiography, used in treating beart disease. Mr

Raiph Larsen, Johnson & Johnson's chairman, proposed that his company's cardiovascular ousiness should be run by exist ing Cordls management, with the Cordis name and beadquarters retained. He said the two companies would create one of the leading worldwide groups in the management of vascular dis-

At present, Johnson & Johnson is the only approved US supplier of stents, devices used to stop the reclosure of arteries after angioplasty (surgery of the blood vessels). Cordis began selling its own stent in Europe this year, and is expected to be permitted by the Food and Drug Administration to challenge Johnson & Johnson in the US market in the next year or two.

In a letter to Mr Robert Strauss, Cordis's chairman, Mr Larsen said he told Cordis of his interest in a merger more than a month ago. He said Mr Strauss bad requested a meeting should be postponed until after Cordis's annual meeting on October 10, and had then refused to meet. Mr Larsen claimed the offer price of \$105 in stock was 70 per

cent above the price before July 18, when wire services had first reported speculation on merger talks. The price was a multiple of 35 times Cordis's historic earnings, be said. Mr Larsen stressed his desire

for an agreed merger, saying in his letter to Mr Strauss: "Wa hava the highest regard for you and your management team, which has built one of the industry's leading diagnostic and interventional cardiology busi-Johnson & Johnson filed a law-

suit to challenge a poison pill plan set up by Cordis three days ago. In a suit in Cordis's home state of Florida, Johnson & Johnson said the Cordis shareholder rights plan, which comes into effect if any person or group owns 15 per cent or more of the stock, would "constitute a breach of fiduciary duty to the company's shareholders".

Cordis's sales in the year to June were \$443m, an increase of 32 per cent from the year before. Earnings per share were \$3.19, also up 32 per cent. Johnson & Johnson's sales in the first nine months of this year were \$14bn, an increase of 20 per cent.

The offer comes as Cordis has reached apparent settlement of two long-running lawsuits. Last month, it settled patent disputes with the US drug group Pfizer. In August, it reached a \$21m settlement over claims arising from its heart pacemakers, a business it sold in 1987.

In a Securities and Exchange Commission filing, Johnson & Johnson said it estimated the total cost of its offer at \$1.8bn. The offer was not conditional on financing, it said.



By Richard Waters in New York

The board of Bankers Trust voted yesterday to bring in a chairman from outside the bank, completing an overbaul of the senior management of the troubled New York institution. Mr Frank Newman, a career

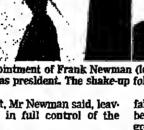
banker and former deputy US Treasury secretary, will takeover from Mr Charles Sanford, who had earlier announced his intention to retire. Brought into a senior executive position only a month ago, Mr Newman is thought to be the first outsider to be named to run the bank.

Mr Eugene Shanks, Bankers Trust's president, who until recently had been seen as Mr Sanford's likely succeasor, announced his resignation after yesterday's board meeting. The bank also revealed vester

day that it had formally written off \$205m owed to it by a handful of companies under disputed derivatives contracts, a move which could set the stage for a resolution of a long-running dispute with Procter & Gamble, the consumer goods group.

Mr Newman, who took over

from Mr Shanks as president yesterday, will succeed Mr Sanford as chief executive at the beginning of next year and as chairman in April. The bank does not plan to appoint a new president



The bank vesterday reported a

the third quarter, marking a continuation of the return to profitability registered in the previous three months. However, the bank's earnings



The appointment of Frank Newman (left) as chairman was followed by the resignation of Eugene Shanks (centre) as president. The shake-up follows the decision by Charles Sanford (right) to retire from the top

after that, Mr Newman said, leav-ing him in full control of the

Yesterday's boardroom manoeuvring, together with the \$205m write-off, signals Bankers Trust's latest attempt to put behind it the problems that have dogged it for more than a year. The bank's derivatives business of sales abuses, leading to lawsuits from Procter & Gamble. among others, over derivative contracts it sold. Also, weakness in Bankers Trust's trading and derivatives businesses plunged it into a loss in the first quarter of

pick-up in after-tax profits during

failed to match the level of a year before, despite the positive back-ground of rising bond markets and active capital-raising gener-

In an interview yesterday, Mr Newman conceded that "the underlying earnings power of the company hasn't been fully realised", and that further improve-The \$205m write-off took to

\$277m the total write-offs recorded since December, ont of a total under dispute of \$423m. Mr Newman refused to say how much of the latest write-off was related to the dispute with Procter & Gamble.

The timing of the move, coinciding with the announcement of Newman's appointment, raised expectations that Bankers Trust would move quickly to put the P&G row behind it. Both sides are thought more likely to

want to settle in the wake of last month's disclosure of evidence which seemed to cast both in a bad light.

Bankers Trust said Mr Shanks bad not been asked to resign, while Mr Newman said the for-mer president had not been tarnished by an independent investigation, yet to be com-pleted, into the bank's deriva-

tives activities. The bank reported after-tax earnings of \$155m, or \$1.72 a share, for the third quarter, up from the \$91m of the previous three months, but below the \$169m of the 1994 third quarter.

The latest results reflect a return to break-even in the hank's derivatives business, which reported a profit of \$1m, compared with losses of \$171m in the first half of the year. Trading profits jumped to \$104m, from \$53m in the previous quarter.

### Nokia disappoints despite **58%** rise

By Christopher Brown-Humes in Stockholm

Shares in Nokia plunged 15 per cent in early New York trading yesterday after the fast-growing Finniah telecommunications group produced lower-tban-expected interim figures and said the pace of growth in its core mobile phone division had

alowed.

Pre-tax profits in the first eight months surged from FM2.29bn to FM3.62bn (\$844m) but the 58 per cent rise was not enough to satisfy a market hun-gry for pleasant surprises.

in Helsinki, Nokia sbares fell FM26 at one point and ended FM10 lower at FM275, dragging the Helainki stock exchange down nearly 5 per cent because of the company's 40 per cent market weighting. Early trade in New York indicated beavy selling by US institutions, with the shares collapsing \$10.25 to \$58,375.

Analysts said investors were taking profits after Nokia echoed Motorola, which warned last week of slowing mobile phone sales in the US and falling

Mr Jorma Ollila, Nokia chief executive, acknowledged the difficulties in the US - where Nokia sells about one in four of its mobile phones - bnt said demand remained robust in European and Asia-Pacific markets. He noted the US market was mainly based on analogue mobile phone technology, while Nokia's strength is in the fastergrowing and higher-margin digital business. The group expects its global digital sales to surpass its analogue business in the next two or three months.

Mobile phone sales surged 59 per cent to FM9.57bn, slowing from a 75 per cent growth rate in the first four months, but they were still the main driving force behind the underlying 55 per cent rise in total group sales to FM22.9bn.

The telecommunications division, which makes infrastructure for fixed and mobile systems. saw sales climb 51 per cent to

Mr Ollila said Nokia was winning market share in infrastructure and handsets, and moving rapidly into new markets, such as India and China. He said the group's global share of the handsets market, where it is the second largest manufacturer after Motorola, was "clearly above 20 per cent".

# Trafalgar House says losses have increased sharply

By David Wighton in London

Trafalgar House, the troubled engineering and construction group, yesterday warned its osses had increased sharply in the six months to September 30 and it was unlikely to pay divi-

Howaver, the trading statement, mada in response to a slump in its share price, included an indication of aupport from Hongkong Land, which has a 26 per cent stake. Trafalgar said: "Hongkong Land has confirmed that it remains a long-term investor and is aupportive of the actions management is taking."

This halted the fall in the share price which had lost a third of its value in a week on speculation that Hongkong Land, an offshoot of the Jardine Matheson empire, was planning to walk away. The ordinary shares closed %p better at 21%p, compared with the

year's high of 76p.

Trafalgar said the operating loss in the second half would be "considerably greater" than the £14.9m (\$23.7m) it lost in the six months to March. The deterioration stems from continued problems at four main

husinesses: power engineering, minerals and metals engineering, the French engineering business Sofresid and Cunard, the cruise In the case of the engineering businesses, the losses will include provisions against old contracts following a detailed

review. There will be further

restructuring provisions related mainly to minerals and metals Although the company refused to give further details before the Lex, Page 20;

losses could reach £180m, including provisions, compared with a profit of £45.6m the previous year. But the company said its cash position had stabilised and net debt at the year end would be below the interim of £246m.

At that atage, Trafalgar bad net assets of £640.5m, and while the year-end figure will be lower it is understood the company will not be in breach of its banking

It said it had not taken any decisions on dividends but "on the basis of information currently available it is doubtful" whether it will pay elther the ordinary or cumulative preference share dividends. The preference shares fell 2%p to 41%p.

Mr Nigel Rich, Trafalgar's chief executive, said: "I am very disappointed by this year's performance, but the group's construction and engineering order books have held up well and we have a clear understanding of what needs to be done to get the group back to astisfactory profitabil-

In power engineering, the company said it would move away from turnkey projects such as that at Keadby power station where problems with turbines manufactured by General Electric of the US has resulted in

The company said the class action by passengers on the QE2, which set sail before a relit had been completed, was "close to an acceptable settlement". Mr Rich said further disposals

of peripheral husinesses were in

progress following the sale of the Ritz hotel in London for £75m. figures are announced in Decem- A moment of danger, Page 18

of Ireland Limbed. It does not constitute an offer or invitation to any person to subscribe for or to purchase any whores. Application has seen made to the London Stock Exchange for the New Ordinary Shares to be admitted and the Existing Ordinary Shares and Preference

# Rubicon Group plc

#### Proposed Placing, Intermediaries Offer and Open Offer

sponsored by

#### **KPMG Corporate Finance**

of a total of 38,690,476 Ordinary Shares ("Placing Shares") in Rubicon Group pic at 168p per share, in connection with Rubicon Group pic's

Proposed Acquisition of Calder Group Limited

SHARE CAPITAL

stockbrokers) for the above 38,690,476 Placing Shares to be placed with clients of James Capel & Co. Linned. Of these, 20,180,530 Placing Shares are being placed firm and 18,509,940 Placing Shares are being placed subject to clawback under the terms of the intermediaties Offer and the Open Offer, which offers are being made by KPMG

Members of the public or institutions wishing to apply for shares in the Intermediaries Offer must go so unmuer

totermedianes, who must be member firms of the London Stock Exchange or institutions authorised by the

Securities and Futures Authorny Limited. The application list for the Intermediaries Offer will close at 12 noon on 9 November 1995 (or such later time as KPMG Corporate Pinance and Rubicon Group pic may decide). Intermediaries may obtain Intermediaries Application Forms only from Lloyds Bank Registrars at the address below Copies of the Listing Particulars relating to Rubicon Group pic may be obtained during normal but

any weekday (Saturdays excepted) up to and including 9 November 1995 from: James Capel & Co. Limited

8 Salubury Square London EC1Y 8BB

Thames Exchange 10 Queen Street

Conrad House Birmingham Road kationd upon Avor Warwickshire CV37 QAA

Antholia House London EC4N ISL

Tower, Capel Court entrance, off Banholomera Lane, London EC2 up to and including 13 November 1995.

#### **AMERICAS NEWS DIGEST**

### Colgate-Palmolive posts \$250m deficit

Colgate-Palmolive, the US scap and toothpaste company, yesterday reported a loss of \$250m, or \$1.76 a share, for the third quarter due to a restructuring charge announced last month. This compared with a profit last time of \$151m, or \$1 a

share.

Excluding the \$369m charge, which was taken to cover the costs of an 8.5 per cent reduction of its workforce and the closure or reconfiguration of 24 factories worldwide, Colgate's net income came to \$119m, or 78 cents a share. This was in line with the forecast made by Mr Reuben Mark, chief executive, late last month. Earnings for the third quarter were off 22 per cent from net income of \$151m, or \$1, for the same period last year.

Colgata said its businesses in North America, Asia/Africa and Latin America outside Mexico all achieved excellent

Mr Mark said Colgate-North America continued to gain momentum and increased unit volume by 13 per cent, while the Latin America and Asia/Africa businesses had double-digit unit volume growth, with the exception of Mexico. "As anticipated, sales and earnings in the most recent

quarter were impacted by the severe recession in Mexico," the company said, in line with earlier forecasts. Colgate said It continued to grow strongly in Asia/Africa, which accounts for 20 per cent of sales. Sales increased 17 per cent and unit volume was up 12 per cent in the third quarter, with large increases from India. China, Malaysia, the

Philippines and Kenya. Colgate-Europe (accounting for 25 per cent of total sales) had 3 per cent unit volume growth, which, when combined with the strengthening of European currencies, resulted in an 11 per cent sales increase

Countries showing the best growth were France, which is Colgate's largest European market, the United Kingdom, Portugal, Greece and Holland.

In early trading Colgate's shares added \$11/2 at \$69%. Lisa Bransten, New York and Extel

#### McDonald's posts 15% advance

McDonald's, the US fast food chain, yesterday posted net profits up 15 per cent from \$349m to \$400m during the third quarter. Revenues were ahead from \$6.9bn to \$7.86bn. Earnings per share increased from 48 cents to 56 cents. Mr Michael Quinlan, chairman and chief executive, said the global results were strong even before taking into account the benefit of stronger foreign currencies. "We remain confident that we can raise US sales and operating income at a compound annual rate the mid-single digits or better over a five-year period," he said.

In an "intensely competitive" US environment, he said, McDonald's was "sacrificing near-term margins for the long-term interest of the business." Mr Quinlan said the international sales growth percentage was expected to be "in the mid-to-high teens" with s focus on building market share. He said McDonald's was increasing its 1995 expansion target for traditional restaurants to 1,600 from between 1,200 and 1,500 previously, at the same time as cutting the target for new satellite restaurants from 1,000 to 700.

The key to market share growth was penetration and the "low-cost approach", he said. In the US, expansion and sales driven by "extra valus meals", "happy meals" and promotions led to a 5 per cent increase in sales. But operating income rose only 2 per cent due to higher expenses and payroll costs, it said. McDonald's said sales outside the US rose 24 per cent, with "excellent" results in Canada, Australia, Hong Kong, France, Germany and Brazil. Stronger foreign currencies also belped comparisons, it said. AFX News, Oak Brook. Illinois

NEW ISSUE

Kankaku (Europe) Limited

Merrill Lynch International Limited

Barclays de Zoete Wedd Limited

**BNP Capital Markets Limited** 

Sanyo International Limited

Universal (U.K.) Limited

DK. International

Nomura International

**IBJ** International plc

Nikko Europe Plc

# HK group takes control of Gordon Capital

By Remard Simon in Toronto

Mr Richard Li. son of Mr Li Kashing, the Hong Kong tycoon, emerged yesterday as the new controlling shareholder of Gordon Capital, the Canadian aecurities firm.

The move is designed to expand Mr Li's interests in North American financial services, strengthen Gordon's financial resources and help repair the firm's tarnished rep-

Gordon has a name as a maverick, secretive firm, and has been tarred by several

brushes with Canadian securities regulators in recent years. Mr Li's Hong Kong-based holding company, Pacific Century, will boost its voting stake in Gordon from the present 15 per cent to 50.1 per cent. Gardon's senior employees will gradually acquire a 60 per cent

equity stake. Pacific Century said no funds would change hands for the time being. However, Pacific Century is expected to make a significant, undisclosed capital infusion in the future. and will provide financing

their investment in the firm. Mr Jimmy Connacher, Gordon's controversial chairman, will relinquish day-to-day management responsibilities. However. Mr Connacher, who is credited with many of Gordon's successes but also blamed for its setbacks, will

in the firm. Mr Frank Sixt, who repre-sents Mr Li's interests in Canada, will take over as interim chairman and chief executive. Two senior Gordon executives, Mr Jeffrey Green and Mr Ron

retain his 10 per cent interest

don executives to increase Lloyd, were named co-presi-

Gordon, with a capital base of CS150m (US\$112m), is one of the largest Canadian securities firms not owned by s bank. According to Mr Sixt, Pacific Century's involvement will make the firm more competitive in its existing businesses, and bring opportunities for growth, especially in the US and Asia.

Gordon made its name in the mid-1980s by pioneering the "bought deal", in which a small number of firms buy an

tee comprising representatives

of the group's main newspa-

pers who first met this year.

The Telegraph and the Chicago Sun-Times have emerged as

lesders in the provision of

online services in their respec-

tive markets and are being

encouraged to share ideas with

other Hollinger papers.
The Sun-Times recently

launched a regular section,

similar to a TV guide, covering

its online services. The paper

hopes to attract advertisers to

the printed supplement and its

worldwide web site. The site

includes a Chicago traffic map

which shows travel times,

updated every minute, on the

In other areas, the Edmonton

Journal, a Southam paper,

recently provided a training

course for Sun-Times circula-

However, Mr Radler acknowledges "there's been

more resistance to (co-opera-

tion among papers) than there

should be". "It's not the kind

of thing I can mandate. It's got

appeal to outside investors is

limited. The company is 85 per

cent owned by its Toronto-

based parent, leaving only a small public float, Mr Black

controls more than 95 per cent

of the votes, because of multi-

ple voting shares. Although Hollinger Interna-

Hollinger International's

to come about on its own."

tion staff.

city's main commuter routes.

distribute it to their clients. Mr Li is best known as the founder of Star TV, the Asian satellite TV network. He worked for Gordon for several

years in the late 1980s. The investment in Gordon follows numerous others by the Li family in Canada. Mr Li Kashing owns a controlling stake in Calgary-based Husky Oil, and a big property devel-

oper in Vancouver. Ha is the biggest single shareholder in Canadian Imperial Bank of Commerce, the coontry's second-biggest finan-

#### Wallace rejects sweetened Moore bid

By Bernard Simon

Wallace Computer Services, the Chicago based information services group, has rejected a sweetened US\$1.4bn takeover offer from Canada's Moore

However, the 12-week-old battle appears to be entering its final stages. According to analysts, Moore's present offer of \$60 a share, or a slightly higher one, will probably suc-ceed. Wallace has so far failed to find a white knight, in spite of an international search.

Moore raised its offer from \$56 a share last week, with a warning that it would walk away unless a "significant per-centage" of shares is tendered hy November 3. Wallace shares were trading in the low \$40s prior to Moore's initial bid. Wallace's shares are widely held, but arbitrageurs seeking a quick profit are estimated to have snapped up between a quarter and a third

One New York-based erbitragenr predicted yesterday that, barring a last-minute appearparting a iast-minute appearance of a rival bidder, an over-whelming majority of share-holders would tender to Moore's offer. He added however, that Moore "may throw in an extra dollar or two. If they're able to reach a happy marriage with Wallace on that

basis, it may be worth it". Wallace urged shareholders to reject the latest offer on the grounds that earnings for the current quarter, ending October 31; were likely to be signif-icantly higher than analysts' estimates. The company, which specialises in electronic forms, labels and other information management products, forecasts a 50 per cent jump in quarterly income and a 33 per cent advance for the fiscal year ending next July. 'In light of the company's future prospects, shareholders would be best served by Wallace remaining an independent

entity," directors said.

Moore, whose annual sales are about four times higher than Wallace, has been trying for the past two years to shake off the image of a dowdy, slow-

# Hollinger aims for the best of two worlds

#### The newspaper group's chief is concentrating on the short term, writes Bernard Simon

about Hollinger International's plans and it becomes apparent that the media group's chairman prefers to dwell on more immediate challenges such as squeezing trade unions, maximising cash flow and the three deals

that he says are on his desk. "I don't know what [Hollinger] is going to look like next year," says Mr Radler, a long-time business partner of Mr Conrad Black, Hollinger's controlling shareholder. In recent years, Mr Radler has overseen Mr Black's North American interests.

Hollinger international has a simple strategy. Mr Radler added in an interview after a shareholders meeting last Friday to approve a restructuring of Mr Black's far-flung media interests: "We believe in the newspaper business. We think there's value and growth in this business. So why wouldn't we look at every opportunity that comes our way? I don't want to excinde anything."

Under the restructuring, Hollinger International, formerly American Publishing Company (APC), has replaced Toronto-based Hollinger Inc as the lynchpin of Mr Black's media empire. APC was the holding company for Mr Black's North American papers including the Chicago Sun-Times, Chicago's second-biggest daily, about 400 small US daily, weekly and free-sheet titles, and the Jerusalem Post. Hollinger International has

This announcement appears as a matter of record only.

PARAMOUNT BED CO., LTD.

U.S.\$100,000,000

2<sup>3</sup>/<sub>4</sub> per cent. Bonds due 1999

Warrants

to subscribe for shares of common stock of Paramount Bed Co., Ltd.

ISSUE PRICE 100 PER CENT

Daiwa Europe Limited

sk Mr David Radler become the main bolding company for most of Mr Black's medis assets worldwide. Mr Black's small Canadian newspapers remain under the wing

of Hollinger Inc. The enlarged company's stable includes a 63 per cent stake in the UK's Telegraph group; a sizeable minority interest in Southam, Canada's biggest daily newspaper chain; and papers in Costa Rica and the Cayman Islands. The Telegraph owns 25 per cent of Australia's John Fairfax chain.

Under Mr Black's original plan, the restructuring would have included a buy-out of The Telegraph minorities. But this proposal was shelved last summer after Mr Black and The Telegraph's independent directors failed to agree on a price. Mr Black's relations with the City were also strained in mid-1994 when he sold a stake of nearly 10 per cent shortly before the Telegraph joined the UK newspaper price war. According to Mr Radler,

another attempt to buy ont The Telegraph minorities is not a high priority. Mr Steve Barlow, analyst at Smith Barney in New York, predicts that the US is Hollinger International's most likely area of expansion over the next year or two.

The company has spent almost \$100m buying 16 papers from Thomson, the Canadiancontrolled publishing group. Many more proprietors may be encouraged to put papers up for sale if Republicans in the US Congress push through pro-

October, 1995

electronic information commitposals for a cut in the capital gains tax.

Whatever Hollinger's plans. the restructuring is designed to give it more muscle to carry them out. Hollinger International in its present form would have earned \$106.9m last year, about eight times more than the old American Publishing's earnings. Revenues



Conrad Black, Hollinger's controlling shareholder

would have more than doubled to \$874.2m. But a number of other things need to fall into place before the rewards of the reorganisation can be realised.

Mr Radler hopes all Hollinger's papers will reap tangible benefits by coming under one umbrella. "I'm going to encourage the use of the facilities and strengths available to this worldwide organisation," he says.

tional does not carry a signifi-cantly heavier debt burden than APC, relative to its size, its debt-to-equity ratio is He cites, for example, an

higher than most other US media companies. Debt and preferred shares, totalling \$741m on June 30 make up 65 per cent of total capitalisation. Some lenders have imposed tough conditions, including restrictions on subsidiaries dividend payments and acqui-sitions. One \$150m secured note issue carries high interest

rates of 10.2-10.5 per cent. According to Mr Radler, Hollinger International's debt is not unduly onerous, provided cash flow remains strong. "That's my life improving the cash flow," he

Nevertheless, Hollingsr International said in a recent proxy statement that it intended to restructure bank debt and strengthen its capital structure by issuing equity. It plans to "explore ways to broaden the stockholder base and improve the market liquidity of Class A common stock".

The Toronto-based parent has raised the possibility of unloading some of the 33.6m Class A shares that it acquired as part of the restructuring. However, Hollinger Inc has agreed not to put its shares on the market for at least two years if such a move would interfere with the Chicagobased company's efforts to

raise capital. Mr Black and Mr Radier are clearly hoping for the best of two worlds, namely, to use Hollinger International shares as currency for acquisitions without significantly dilnting their grip on voting control.

# Bristol-Myers registers record results

By Daniel Green

Bristol-Myers Squibb. the second biggest US pharmaceuticals company, reported record profits and sales for the third quarter and nine months yesterday, with fellow research-based drugs company Schering-Plough also reporting good growth.

Their results appear to confirm industry surveys showing world drugs sales rising at the fastest rate for at least three

BMS said third-quarter net ncome climbed 11 per cent from \$621m to \$689m. Sales rose 16 per cent to \$3.4bn, driven by a 23 per cent increase in non-US sales. Mr

US drugs companies: third quarter 3.258 Warner-Lambert 1,775 214‡ +27 Schering-Plough 1,257 689 Pro force to include American Cyanimid for all of 1994

Charles Heimbold, chairman, said gains had come primarily from volume increases.

The pharmaceuticals division grew 15 per cent, held back by a 2 per cent fall m sales of the heart drug Capoten "due to increased competition". Capoten is one of the

† Including a \$188m restricturing charge in 1995 ‡ Including a special pre-tax gain of \$117m heart treatment called Ace-inhibitors. Capoten's misfortune was partly offset by a 62 per cent rise in sales of the new cancer drug Taxol. Ginco-phage, a newly launched diabe-

tes treatment, "performed exceptionally well". Schering-Plough said net oldest drugs in a category of 'income grew 13 per cent in the

third quarter from \$224.3m to

The domestic drugs market was the strongest part of the business, with sales up 27 per cent. Non-US sales rose 9 per cent, or by 3 per cent excluding exchange rate movements Mr Robert Luciano, chairman, said he expected 1995

will be another year of good earnings growth", adding that earnings per share from continuing operations should be "slightly abovs \$2.80", compared with \$2.42 in 1994. Thirdquarter sales of animal health products rose 18 per cent, while sales in the healthcare division, which makes non-prescription medicines, fell 2 per

# American Home Products lags behind rivals

By Daniel Green

American Home Products and Warner-Lambert, two US drugs companies with strong sales in consumer markets, postsd slower growth from continuing businesses than several of their rivals yesterday.

American Home Products had 44 per cent sales growth to \$3.26bn, almost entirely ascribed to last year's \$10bn acquisition of rival American Cyanamid.

If Cyanamid's figures are included for the whole of last year, sales growth was only 5 per cent. The acquisition also depressed net profits, down 33 per cent to \$277m because of a \$188m restructuring charge from the integrstion of Cyanamid.

Excluding the acquisition, sales growth was driven by higher sales of agricultural products and medicines outside the US. It was partly offset by lower US sales of healthcare products and food products. US pharmacenticals sales increased 1 per cent in the

third quartar compared with

the same period in 1994. Non-US pharmaceuticals sales rose 13 per cent, helped in part by favourable foreign exchange movements. Consumer health followed a

similar pattern, with US sales down 2 per cent and foreign sales up 8 per cent. Agricul-tural product sales rose 39 per cent, helped by crop protection products such as Prowl (called Stomp in non-US markets). Food product sales fell 21 per

cent, msinly because of declines in such products as Crunch and Munch.

Warner-Lambert's sales rose 6.2 per cent to \$1.8bn, with profits up 27 per cent to \$214m. The rise included a pre-tax gain of \$117m following the sale of the Pro toothbrush business to Gilette. Consumer health care sales rose 8 per

cent in the quarter to \$870m. Pharmaceutical sales rose 4 per cent to \$558m, and confectionery sales rose 5 per cent in the quarter to \$348m.

Mr Melvin Goodes, chairman, said that the company "will continue to dispose of non-strategic assets".

ECU 2,000,000,000 Euro Medium Term Note Euro Depositary Receipt Programme Lavoro Bank Overseas N.V.

Banca Nazionale del Lavoro S.p.A. Series Nº 3 Banca Nazionale del Lavoro S.p.A. - Hong Kong Branch -US\$ 100,000,000 Subordinated Floating Rate Depositary Receipts due 1999

In accordance with the terms of the Series N° 3 Depositary Receipts tthe "Receipts") described in the Pricing Supplement dated as of July 15, 1994, notice is hereby given that for the Interest Period from October 20, 1995 to January 22, 1996 the Receipts will carry an Interest Rate of 64% per annum.

The Interest Amount payable on the relevant interest Payment Date. January 22, 1996 will be US\$ 13.19 per US\$ 800 principal amount of Receipt, US\$ 131.86 per US\$ 8,000 principal amount of

Receipt and USS 1,318,61 per US\$ 80,000 principal amount

NOTICE TO THE HOLDERS OF Bearer Warrants (the "Warrants") to subscribe up to ¥19,590,000,000 for shares of common stock ("Shares") of EBARA CORPORATION (the "Company")

3 per cent. Notes 1996 Pursuant to Clause 4(C) of the Instrument (the "Instrument") dated as of 12th

March, 1992 constituting the Warranes, notice is hereby given as follows:

The Board of Directors of the Company at its meetings held on 28th September and 5th October, 1995, resolved to issue SFr 300,000,000 344% Swiss Franc Notes with Warrants due 18th October, 1999 (the "Notes"). The initial exercise price per Share in respect of the Notes was determined to be Yen 1,384 which was less than the current market price per Share of Yen 1,405 on such day as determined in accordance with Clause 3 (viii) of the Instrument. The number of Shares outstanding as at the date of issue of the Notes was 287,322,980. As a result, the following adjustment of the Subscription Price relating to the Warrants shall be made pursuant to Clause 3 (vi) of the Instrument.

3. Effective Date of adjustment:

20th October, 1995

Yen 1,579 per Share

EBARA CORPORATION By: Dil-Ichi Kangyo Trust Company of New York, as Disbursement Agent

**Baring Brothers Limited** 

Fuji International Finance PLC

Coryo International U.K. Ltd.

Lehman Brothers

**UBS Limited** 

Sanwa International plc

D. E. Shaw Securities International

Salomon Brothers International Limited

Yamaichi International (Europe) Limited

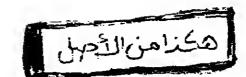
Bayerische Landesbank Girozentrale

sued in conjunction with U.S.\$150,060,080

I. Subscription Price before adjustment:

2. Subscription Price after adjustment: Yen 1,577.50 per Share

19th October, 1995



# rejects Sweetened Moore bid

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# Restructuring charges cut into AT&T earnings

By Tony Jackson in New York

AT&T, the US telephone company, reported a 6 per cent drop in sales of telephone network equipment in the third quarter, highlighting the pressures which prompted the group'a decision to split from its equipment business a month ago. For the group as a whole, earnings were up 13 per cent at \$1.43bn, or \$0.90 a share, before special items.

After a net charge of \$1.2bn for restructuring Global Information Solutions, the former NCR computing business, earnings were down sharply at \$262m, or \$0.16 a share. AT&T said the charges, alightly higher than expected, would cover the loss of 7,200 jobs and 1,300 contractors. It also warned of possible future charges to cover the group's restructuring.

GIS made an operating loss of \$170m before charges in the quarter, after a \$189m loss in the second quarter. Sales rose 3 per cent to \$2.03bn. The charges, totalling \$1.6bn before tax, are for shrinking and con-solidating GIS operations around the world and halting the manufacture of personal

AT&T said the 6 per cent drop in sales of network equipment partly reflected deferred capital expenditure by telephone companies and delayed decisions on the choice of new technologies. However, some companies had also been reluc- said Mr Bill Vogel, an analyst tant to award business to a at NatWest Securities.

By Christopher Parkes

Computer Associates, the

acquisitive software company,

outstripped analysts' expecta-

tions in the second quarter of

its 1995-96 year with a 31 per

cent rise in uet income before

Revenues rose 50 per cent to

\$812m, partly as a result of the purchase of Legent - CA's 50th

Notice is hereby given that at

sales charge".

4. Any other business

in Los Angeles -

charges.

competitor. Mr Robert Allen, AT&T chairman, said the separation of the business would

help remove these conflicts. Sales of other equipment were atronger, with business phone systems and consumer equipment up 16 per cent. The entire equipment division, including GIS, produced a 1.5 per cent rise in revenues to \$5.14bn. However, gross margins excluding the GIS charges fell from 37 per cent to 35 per cent, and gross profits fell 5

Revenues in telephone services increased 7 per cent to \$12bn, and gross profit margins rose from 43.5 per cent to 46 per cent. Growth continued to be led by wireless services -the former McCaw Cellular with a 28 per cent rise in revenues to \$758m and a 38 per cent increase in subscribers to almost 5m. Revenues from financial services rose 18 per cent to \$950m. Sales were higher at AT&T Capital, which is to be sold, and at the AT&T credit card operation, which will be retained.

■ Bell Atlantic's growth in wireless was an important factor in its better-than-expected rise in third-quarter profits, analysts said. The company saw net profit rise to \$604m. compared with a loss of \$1.87bn in the third quarter last year.

"The 47 per cent increase in cellular subscribers (from a year ago) in the joint venture with Nynex was tremendous,"

before the charges associated

with this acquisition was

\$171m, or 68 cents a share,

compared with last year's 52

cents. Analysts' aggregate fore-

casts had indicated a figure of

Net loss after the charge was

Mr Sanjay Kumar, group president, said CA, ranked sec-

ond in sales terms behind

Microsoft, would continue to

\$637m, or \$2.64 s share.

62 cents.

acquisition since 1976. Income · look for purchases. "There are

SCHRODER INTERNATIONAL SELECTION FUND SOCIÉTÉ D'INVESTISSEMENT À CAPITAL VARIABLE Registered office: L-1736 Senningerberg

S, rue Hohenho

RC Luxembourg B8202

EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

of Schroder International Sciention Fund will be held at the registered office

at 5, rue Höhenhof, L-1736 Senningerberg at 10.00 a.m. on Tuesday 31st October, 1995, for the purpose of considering and voting upon the following

AGENDA

1. Amendment of Article 16 of the Articles of Incorporation of the Company,

'No more than twenty-five per cent of the total net assets may at any time

consist of eash, cash at banks or financial instruments in the lornt of

futures, forward contracts and options for hedging purposes this restriction applying solely to classes with an investment policy achieved through

In these classes the aggregate of the commitments relating to the use of financial instruments may exceed oeither the aggregate estimated market

value of the assets to be hedged nor twenty-five per cent of the total net

The company may not invest in assets other than those specified in this

Amendment of Article 21 of the Articles of Incorporation adding the

following phrase to paragraph 9 of this Article so that the amended

Shares of a class having a specific sales charge system as provided in Article 5 above, may not be converted to shares of a class of shares having a different sales charge, "other than those differing only to the specific

Amendment of Article 23 of the Articles of Incorporation adding the words

'or more' after the word two and replacing the word both with 'all' in paragraph C(a) of this Article so that the amended paragraph reads as

a) the proceeds from the issue of each Portfolio shall be applied in the books of the Company to the pool of assets established for the classes of shares of such Portfolio provided that, whenever a same pool is established

for two 'or more' classes of shares, the rules set out below shall apply mutatis mutandis to 'all' such classes, and the assets and liabilities and

income and expenditure auributable thereto shall be applied to such pool

Resolution on the items of the agenda of the Extraordinary General Meetion will require a quorum of 50 per cent, and a majority of 2/3 shareholder

Registered shareholders who cannot attend the meeting in person are invited

to send a duly completed and signed proxy form to the registered office of the

Separate proxy forms will be sent to registered shareholders with a copy of

The Board of Directors

opend betton, the prices Sant Trans, 12 hours. Up-to-due prices Sant Trans. CH4. For brechare and according form call 9171 263 2667.

SWEDBANK

US\$150,000,000

(Sparbanken Sverige AB)

1996. Interest payable on 22 April 1996 will amount to US\$396.66 per US\$10,000 note

Agent: Morgan Guaranty Trust Company

Undated Subordinated

Floating Rate Notes Notice is hereby given that the notes will bear interest at 7,71875% per annum from 20 October 1995 to 22 April

THE TAX FREE WAY TO PLAY THE MARKETS

subject to the provisions of this article;

present or represented at the meeting voting in favour.

company to arrive not later than 27 October 1995.

Notice to the Noteholders ECU 2,500,000,000

Republic of Italy

94% Notes due 2011

In accordance with the Terms and Conditions of the above-mentioned issue, notice is hereby given that as from October 20th, 1996, Morgan Guaranty Trust Company of New York, Zurich Branch resign from its during as Payrite Agrath.

BANQUE PARIBAS

es Fiscal and Principal Paying Agent

duties as Paying Agent.

On behalf of the Republic.

by the inclusion of the following paragraphs:

investment in equity and equity related securities only.

#### INTERNATIONAL COMPANIES AND FINANCE

# Salomon 'spectacular' in third period

By Maggie Urry in New York

Third-quarter results from Salomon, parent of the Salomon Brothers investment bank, far exceeded market expectations, demonstrating the volatility and unpredictability of the group's earnings. After several quarters of disap-pointments, the figures were spectscular", one analyst

Net income for the period was \$268m, which compares with a loss of \$104m in the third quarter of 1994, and a loss of \$60m in the second quarter this year.

Earnings per share, fully diluted, swung from a loss of \$1.13 in the comparable quarter

the second quarter to \$2.10. Earnings per share would have been higher if Salomon had taken into account Mr Warren Buffett's decision to take cash rather than shares for the \$140m of convertible preferred stock which is due to redeem

For the first nine months net income turned round from a loss of \$242m to \$289m profit, with earnings per share of \$2.19 compared with a loss of The recovery was largely

on October 31.

caused by a sharp rise in pretax income from proprietary trading, both at Salomon Brothers and in the Phibro commodity trading business. At Salomon Brothers, propriand from a loss of 73 cents in etary trading business made

\$349m before tax, compared with a loss of \$114m in the 1994 third quarter and a loss of \$83m in 1995's second quarter. Phibro made \$68m, after los-

quarter and \$162m in the preceding quarter. Pre-tax income at Solomon Brothers' client-related business fell from the \$149m in the second quarter to \$32m. although it compared with s \$63m loss a year ago. Salomon

ing \$27m in the comparable

for paying staff. The improvement in the results meant higher salaries and bonuses would be paid for the compensation year to the end of September than had been anticipated earlier in the

strong growth in China and

the Philippines led to 9 per cent growth overall in the mid-

Volume jumped by 34 per

cent in China in the third quar-

ter and by 14 per cent in the

ground in the UK, where sales

volume rose by 27 per cent

belping the company's greater

Europe group to a 6 per cent

Coke's results were in line

with forecasts made by the

company's president, Mr Doug

At that time Coke's shares rose by \$1% to \$68% after Mr

lvester, in late September.

The company also gained

dle east and far east.

Philippines.

rise in volume.

said this partly reflected a

change in the amount set aside

amount - totalling \$90m - was taken in the third quarter rather than being spread over the four quarters.

However, compensation was 55 per cent of revenues, not far above the industry average of around 50 per cent.

Analysts said that excluding the effect of the compensation top-up, the income from client related businesses ran at about \$100m in the quarter. Even so, this was below that for the pre-vious quarter, reflecting a drop in equity underwritings as Salomon slipped down the league tables after its strong

second quarter. The loss at Phibro USA, the oil refining activity, rose from \$4m to \$9m quarter on quarter.

TWA upbeat

on prospects

Trans World Airlines (TWA).

the US carrier, is bullish on its

year-over-year comparisons for

the current fourth quarter and the first quarter of next year.

even though traffic sppears

soft in those two periods,

reports AP-DJ from New York.

The US's seventh-largest air-line had third-quarter operat-

ing income before charges of

\$103.3m, compared with the

year-ago operating profit of \$34.7m. The net loss for the quarter was \$82m, against an

\$8m net deficit a year earlier. Mr Jeffrey Erickson, chief

executive, said that TWA expects to post "continuing

profitability from bere on

ont". The company emerged

from a pre-packaged Chapter 11 bankruptcy plan at the end

Load factor, or the percent-

sge of seats filled, rose 2 per

cent and the airline's unit

costs were 7.8 cents per available seat mile in the quarter.

The carrier ended the quar-

ter with \$251m in casb - not

including the \$55m from its

recent equity offering. That

compares with the \$114m TWA

had at the end of the third

quarter last year. The group

plans to use some of that cash to spruce up its infrastructure - including painting its air-craft - as well as to acquire

The airline's debt now

stands at less than \$1.2bn.

of Angust.

new nnes.

despite loss

#### AMERICAS NEWS DIGEST

### Canadian railway slips in third term

Canadian National Railways, due for privatisation in November, said lower grain movements reduced third quarter evenues by 9 per cent to C\$997m (US\$744.9m), down from C\$1.1bn a year earber, and net profit was C\$81m, against C\$86m in the 1994 period.

Expenses dipped 6 per cent due primarily to lower labour costs and reduced depreciation. CN has downsized drastically in the past two years and in the second quarter wrote down

CN's underwriters have set the public offering price at C\$22.50 to C\$25.50 a share, with the final pricing to be set in mid-November. They hope to sell all 80m CN shares owned by the Federal Government, plus a further 3.8m CN treasury shares, to raise a total of about C\$2bn.

Nearly half the issue is expected to be sold in the US. because of strong interest there in the railway industry. The rest will be marketed in Canada and Europe. CN has already begun its international road show for the issue. Amended prospectuses have been filed in Canada and the US. Payment for the CN shares will be in two Robert Gibbens, Montreal

#### Stone-Cons maintains advance

Stone-Consolidated, the newsprint arm of Chicago's Stone Container, continued its recovery in the third quarter with net profit of C\$80.8m (US\$60.4m), or 98 cents a share, against a deficit of C\$4.5m a year earlier.

Revenues were C\$417m, up 49 per cent, with strong newsprint and groundwood paper presses. The mills in eastern Canada and Britain produced at peak capacity.

Nine months' earnings were C\$123m, or C\$1.69 a share, gainst a loss of C\$22.8m, or 35 cents. Revenues were C\$1.1hn against C\$780m. In November the company will absorb Boise Cascade's

newsprint assets in a deal worth US\$740m, making it one of North America's biggest newsprint producers with annual capacity of about 2.2m tonnes.

Stone Containers will have about 46 per cent of the merged company and Boise 7 per cent.

### Canadian gas field progressing

Mohil Oil Canada says Sable Island offshore gas could reach production by 2000 if regulatory spprovals are given by mid-1997. The project would produce up to 400m cubic feet of gas daily by developing six fields in the Sable Island area nearly 200 miles east of Halifax, Nova Scotia.

About C\$500m (US\$373.5m) has been spent on exploration and development in the area since the early 1970s. The new project would cost about C\$2bn and the distribution system on shore will cost a further C\$1bn.

Mobil and Shell Canada are joint operators for the production consortium. This is owned 41 per cent by Mobil, 26 per cent by Shell, 18 per cent by Petro-Canada, 9 per cent by Imperial Oil and 6 per cent by a Nova Scotia government

The project will require seven offshore platforms, 30 production wells, 150 miles of gas gathering pipeline to shore, a gas processing plant, located 90 miles north east of Halifax, and an onshore pipeline to take by-products (propane and butane etc) to an upgrading plant and storage at Point Tupper further north.

Mobil said the Sable project bad completed almost all public bearings and environmental evaluation. The full development plan will be filed with governments by the year end and approvals are sought for mid-1997.

# Steady growth at Coca-Cola

By Lisa Bransten in New York

Coca-Cola, the US soft drinks company, yesterday reported a 13 per cent increase in net income for the third quarter of 1995, due to steady growth in domestic and international markets.

Profits for the third quarter came to \$802m, up from \$708m in the same period last year. Earnings per share rose by 16 per cent to 64 cents from 55 cents in 1994 - a larger rise than the overall increase in net income because of Coke's share buv-back plan. So far this year Coke has

bought 25m sbares leaving 1.26m ontstanding as of the end of the quarter. Sales volume grew by 8 per cent in the US in the quarter,

and by 7 per cent internation-

more opportunities in the mar-

ket place than ever before," be

While there were a lot of suc-

cessful new entrants, he expec-

ted consolidation to be concen-

trated in the middle ranks of

companies in CA's market seg-ment: those specialising in software for mainframe com-

puters and, increasingly, cli-

The Legent purchase was

seen by analysts as marking s

ent/server applications.

Cola chairman and chief execu-tive, said that he was especially pleased with the growth in international sales volume given the economic difficulties in three important markets: Japan, Mexico and Argen-

Mr Roberto Goizueta, Coca-

"Obviously, we expect higher long-term growth out of those msrkets. But our global strength continues to produce superior results, even when selected markets turn sluggish," he said.

Sales volume declined by 6 per cent in Mexico in the third quarter, but the fall was more than offset by 34 per cent growth in Brazil and 16 per cent growth in Chile. Overall, sales volume gained 5 per cent in Latin America.

Coke said sales volume in

mainframe applications to pro-

viding product for client/server

networks which typically com-

prise large numbers of PCs

linked through one large

Ivester's comments belped alleviate concern that the company's strong volume growth would flag in the second half, Yesterday, the shares slipped by \$% to \$70%.

Japan increased slightly, but

Computer Associates outstrips expectations decisive strategic switch from (before the Legent acquisition) and 100 per cent three years ago. The Legent workforce was already fully integrated, although there was still some work to be done on products,

be added. Mr Kumar said he expected mainframe software sales in Group revenues for the six months to end-September were the 1996-9? financial year to up 26 per cent at \$1.39bn. Cumulative net income and decline to 60 per cent of the group total, compared with income per share - excluding acquisition-linked charges some 80 per cent in the current period, 70 per cent in 1994-95 were up 30 per cent.

#### The Shareholders of

machine.

SKANDIA INSURANCE COMPANY LTD (publ) e hereby invited to attend an Extraordinary General Meeting, to be held Thursday. hti November, 1995 at 1.30 pm (Swedish time)in Skandinasien, Sveavigan 44, Stockholm, Sweden

Agenda

The following matters will be addressed at the Meeting:

Opening of the Meeting. Election of a Chairman to preside over the Meeting. Verification of the voting list.

Election of a person to check and sign the Minutes together with the Chairman Question as to whether the Meeting has been properly called.

Approval of an Agreement whereby Standia Insurance Company Ltd (publishall transfer to Arbetsmarkundsförsäkringar trygghetsförsäkring. förafkringsakticholag, presently in formation, its shore of the workers componention insurance portfolio of TFA (Trygghetsförsäkring, vid arbetsskada)

The Board of Directors' complete proposal for a decision and the Agreement concerning the transfer of the insurance portfolio, as well as other document pursuant to Chapter 15, \$1, third paragraph, of the Insurance Ausiness Act (1982:713), are available for inspection at the Company's Head Office located at Sveavägen 44, Stockholm, Department of Corporate Law, from Thursday, 2nd November 1995.

Closing of the Meeting lotice of Participation

bareholders wishing to participate in the Extraordinary General Meeting must be recorded in the share register maintained by the Swedish Socurities Register Center (Vardepappersonnelen VPC AB) on Monday, 30th October, 1995, and must notify the Company of their intention to participate in the Extraordinary General Meeting not later than 4.00 pm (Swedish time), on Monday, 6th November 1995.

Notification of intent to participate in the Econominary General Meeting should be made in writing to Standia, Department of Corporate Law, S-103 50 Stockholm, Sweden or by telephone: +46-8-783 32 62. SHAREHOLDERS WHO HAVE THEIR SHARES registered in the name of a

nominee must temporarily have their shares registered in the name of a nominee must temporarily have their shares registered in their own name with Swedish Security Register Center (Vardepappersonnellor VPC AB) on Monday, 30 October, 1995, to be able to participate in the Entrooningry General Meeting. A request for such temporary registration should be received by the nominee well in advance of the deadline.

A SHARSHOLDER MAY was at the Extraordinary General Meeting in person of by proxy. Such proxies, which shall be in writing and which shall be dated, may not be older than one year. Shareholders wishing to vote by proxy should submit their forms of proxy to the Company. Forms of proxy may be obtained from the

STOCKHOLM in October, 1995

The Board of Directors
SKANDIA INSURANCE COMPANY LTD (publi

NOTICE OF REDEMPTION TO THE HOLDERS OF ISSUE OF UP TO US \$ 600,900,900 BANQUE FRANÇAISE DU COMMERCE EXTERIEUR FLOATING RATE NOTES DUE 1996 OF WHICH US \$ 350,000,000 IS BEING ISSUED AS THE INITIAL TRANCHE

en, that in accordance with Condition 4 (b) of the Terms and Conditions of the Notes, all of the Bonds will redeem at the option of the Issuer at their principal amount on November 27, 1995.

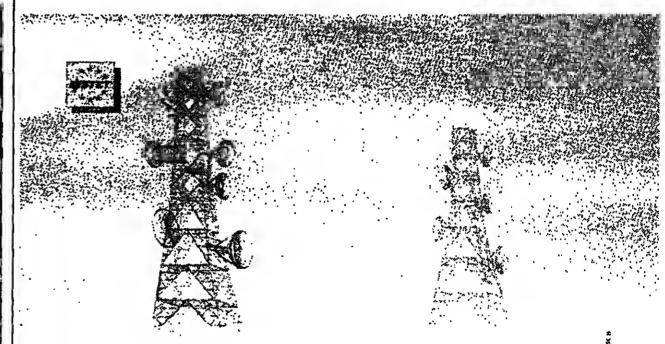
KNIGHT-RIDDER'S FUTURES MARKET DATAKIT FOR DNLY \$695

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BANQUE INTERNATIONALE BILL

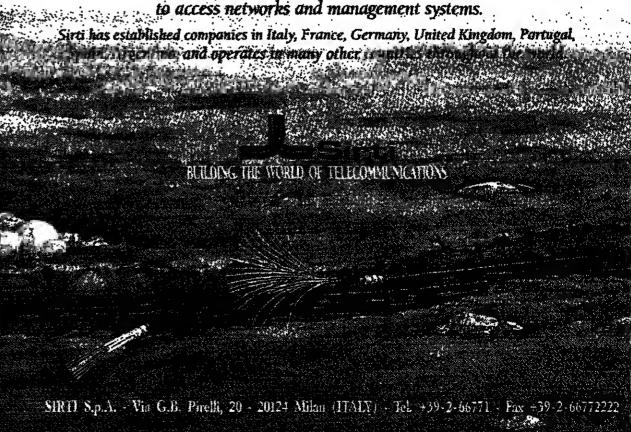
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Chemical Bank The Dai-Johi Kangyo Bank, Limited The Missii Trust and Banking Company, Limited Sertialiank (Ireland) Limited Union Bank of Switzerland WestLB Group

Deutsche Bank Luxembourg S.A. Frankfurier Bodenkreditland 11: Syeuska Handelslanden. Copenhagen Branch

Euskihln The Sunitonia Bank, Limited The Tokai Bank, Limited

Banque Nationale de Pari-

Facility agent Den Danske Bank

**JPMorgan** 

### FORD CREDIT EUROPE PLC \$200,000,000 FLOATING RATE NOTES DUE 1996 (the "Notes") NOTICE IS HEREBY GIVEN, that pursuant to Cleuse 5(c) of the Terms and Conditions of the Notes. Ford Credit Europe Pic will be exercising its option to redeem the Notes in full on the interest payment date falling on December 1, 1995, at their principal amount plus accrued interest to December 1, 1995. Notes may be presented for payment together with all unmatured coupons and all unmatured coupons shall become void and no payment shall be made in respect of them. The interest coupon due December 1, 1995 may be presented in the comme tension. October 20, 1995. London by: Citibank, N.A. (Issuer Services), Principal Paying Agent CITIBANK®

DIXONS FINANCE B.V. GUARANTEED FLOATING RATE NOTES DUE 1997 GUARANTEED BY DIXONS GROUP PLC In accordance with the provisions of the Notes notice is hereby given that for the period 20 October 1995 to 22 April 1996 the Notes will carry a rate of interest of 1876% per annum with a coupon amount of US\$3452.69 per US\$100,000.00 CHEMICAL Agent Bank

U.S. \$50,000,000 Hyosuna (America), Inc (Incorporated with Smited Sebility In the State of New York, U.S.A.) Guaranteed Floating Rate Notes due 1995

For the three month interes Period 19th October, 1995 to 19th January, 1996 the Notes will carry an interest rate of 6.5625 per cent per annum, with a Coupon Amount of U.S. \$838.54 per U.S. \$50,000 Note, payable on 19th January, 1996.

Lines on the Luxurationing Stock Exchange KDB Asia Limited



FINANCIAL TIMES

# INTERNATIONAL COMPANIES AND FINANCE

# Lew agrees to step down as Coles Myer chairman

By Nikki Tait in Sydney

Mr Solomon Lew yesterday said he would step down as chairman of Coles Myer, Australia's largest retailer, just days after threa institutional investors called for the appointment of an independent

Mr Lindsay Fox, the Mel-hourne-hased trucking magnate, and Mr Will Bailey, a for-mer deputy chairman of the ANZ hanking group, both of whom were seen as close allies of Mr Lew on the Coles board, also resigned as directors of the retail group. Earlier in the day, Sir James Gobbo, a nonexecutive director, announced separately that be was leaving to become Lieutenant Governor of Victoria

Mr Lew will remain as vicechairman of the company, in which be bolds a 13.5 per cent stake and to which his private companies are substantial suppliers. However, the dimin-ished seven-man Coles board will appoint a new non-executive chairman and five non-ex-

Reynolds deal will

propel the group

gold producers in

Australia, writes

Kenneth Gooding

The deal that will propel

Sons of Gwalia into the

top 10 Australian gold producers has turned out to be

so profitable for the company

that Mr Peter Lalor, the managing director, is almost

SoG paid AS22.8m (US\$17.2m)

in March for the Marvel Loch and Southern Cross gold mines, bought from Reynolds

Metals, the US aluminium

group that was making a strategic withdrawal from Austra-

lian gold to concentrate on its

The acquisition brought with

it A\$7m of tax losses which SoG could use, so the net cost

Mr Lalor says that since the acquisition SoG already has

recovered half the net cost in

Southern Cross operations in

Western Australia. "It is the

best deal we have ever done,"

SoG has transformed pros-

pects for Marvel Loch by pay-

ing A\$2.5m for land surround-

ing the mine and that way

removing a severe constraint on its future physical develop-

ment - previously, there was

not enough room to slope the

walls of the open pit at a con-

Also, even though they were

only about 20km apart, each of

the Reynolds' mines had its

own mill and SoG immediately

closed one down to gain sub-

The deal will help SoG's gold

production rise 55 per cent in

the present financial year -ending in June 1996 - from

180,361 troy ounces to about

280,000 oz. Some of this

increase will come from SoG's

original mine at Leonora, also

Mr Lalor is certain that next

year SoG will increase its

annual production rate to a

sustainable 300,000 oz, the level

required for consideration for

inclusion in the new Financial

Times Gold Mines Index. As

some institutional investors

can hold gold shares only if they are in the index, this has

However, the changes at SoG

have not gone unnoticed and

since the acquisition it has

been one of the top performing

gold shares on the Australian

Stock Exchange. This perfor-

mance also reflected a range of

strong fundamentals, including

record pre-tax profits of

A\$30.8m, up from A\$24.99m,

operating cash flow of

A\$47.5m, equivalent to 86.61

cents a share and up from 62

stantial cost savings.

in Western Australia

obvious advantages.

venient angle.

profit from the historic Marvel Loch mine and the nearby

core business

was A\$16m.

embarrassed to give details.

into the top 10

ecutive directors. "Subject to the new board's agreement". Mr Lew will also remain chairman of Coles' strategy committee, the company said in a statement

Mr Nick Greiner, one of the remaining non-executive directors, said discussions would start with the institutions on Monday about the new appointments. He said the new chairman should be from Melbourne, where Coles is based.

Yesterday's developments are the culmination of a long battle by institutional myestors to get some basic corporate governance safeguards implemented at Coles. They have been concerned over Mr Lew's tripartite role at the retail groop - where he was executive chairman, the largest single shareholder, and a big supplier - and the group's poor performance in terms of profits growth and share price appreciation.

The concerns turned into action last month when Coles sacked Mr Philip Bowman, its new finance director, and the

Shrewd acquisition leaves

Sons of Gwalia glowing

Sons of Gwalia

Gold production ( DCG curces)

came to light - a deal which one barrister has deemed lawful but which cost Coles A\$18m (US\$13.6m) and benefited Mr Lew's interests by a like

The Coles saga has been described as a "watershed" in Australian corporate history. As in other countries, institutional investors have become more pro-active in the past few years, but Coles was always thought to be a tough target because of its links to the "Melbourne establishment" and Mr

Lew's personal stake. This was also the first time that Australian institutions challenged incumbent directors primarily over corporate governance issues, rather than financial matters.

Yesterday, the investors which led the revolt - the AMP Society, Bankers Trust Austraiia and State Super - said they hoped "all shareholders will join with us in support of the proposed new board and its efforts to add value to the

#### ASIA-PACIFIC NEWS DIGEST

# Nippon Credit Bank lifts profits forecast

Nippon Credit Bank, one of Japan's weakest financial institutions, said yesterday strong profits from the country's soaring bond market had helped it revise upward its earnings estimates for the six months to end-September.

NCB, a long-term credit bank, estimated recurring profit before extraordinary items and tax – had reached Yl8bn (\$178.7m), on revenue of Y680bn. In May, the bank forecast recurring profit of Y8bn and revenue of Y580bn. After-tax profits are estimated at Y6.5bn, unchanged from the May

The surge in revenue is largely the result of a strong bond market in the half-year period. Fears of continuing economic stagnation have forced bond yields sharply lower, raising prices and producing much-needed capital gains for the country's banks. Unofficial estimates suggest the six-month period could prove to have been one of the best ever for banks operating profits. The extra earnings should help them to step up bad loan write-offs.

NCB has one of the highest proportions of non-performing assets in its loan book – the bank itself puts the figure at more than 5 per cent of total loans - but the opacity of Japan's accounting rules means the actual figure is likely to be more Gerard Baker, Tokyo than 10 per cent.

11:07 C 31

#### Australis remains suspended

Shares in Australia, the Australian MDS/satellite broadcaster which is planning to merge with Foxtel, the cable based pay-TV consortium, remained suspended yesterday "pending" the outcome of further discussion with the Australian Stock Exchange . . . concerning the provision of additional information in relation to the proposed merger".

The company announced the deal on Wednesday night, saying it would acquire 100 per cent of Foxtel, which is owned jointly by Mr Rupert Murdoch'a News Corporation and the government-owned Telstra telecommunications group, and issue securities to these organisations so that they would end up with interests of 28.75 per cent each in the economic entity. However, few other details were given beyond these outline

Separately, Standard & Poor's, the US rating agency, said it had placed Australis on credit watch with a view to a possible upgrade.

Nikki Tait, Sydney

#### ANI warns of earnings decline

ANI, the Sydney-based engineering group which also owns the Aurora business in the UK, warned it expects earnings for the current half-year to be "significantly lower" than in the same period a year ago. It said "poor results" from the ANI Bradken and Holter divisions were expected to contribute to a 35 per cent decline in earnings before interest and tax.

However, it added that prospects for the second half were more encouraging. "It is expected that the profits before tax for the full year will be of a similar magnitude to those reported in the 1994-95 financial year," it said.

#### Strong sales rise at Indian group

India's Bharat Heavy Electricals posted a strong advance in first-half sales to end-September, from Rs13.79bn a year ago to Rs17.76bn (\$509m) this year. The chairman was quoted by United News of India as saying pre-tax profits rose 30 per cent year-on-year, but he did not give details. AFX News, Bombay

# Lavertor Marvel Loch Sons of Gwalia \* 1995 represents Net profit after tax (ASm)

An important contributor to the company's strong financial performance has been its gold hedging programme. Mr Lalor recalls that SoG was the first gold company in the world to start serious hedging. That was in 1984, a year after a small group of investors, led by Mr Lalor and his brother, Chris, now executive director responsible for legal and commercial affairs, decided to redevelop the old Sons of Gwalia under-

ground mine. During the 1994-95 financial year, SoG's hedging gave it a price of A\$653.35 an ounce. compared with an average spot price of A\$517.92. It has subsequently sold forward 1.1m oz to achieve A\$660 an ounce for all the gold it will produce in the next three years. Mr Lalor says: "You have to be an extreme optimist to think that

the spot price will go above One cloud on the SoG horizon is that the Reynolds acquisitions resulted in costs, never an issue at the Gwalia mine, rising. They increased from A\$268 an ounce to A\$307 last year and are expected to be about A\$330 in the present

financial year. Uoderground mining at the Gwalia mine, where Herbert Hoover, later president of the US, was once mine manager. went down about 305 metres. SoG has developed a large open pit operation and is using

finely dispersed through the ore and not visible to the old-time miners. Gwalia will produce about 120,000 oz of gold this financial year, up from 109,225 oz, helped by a big cutback in the pit wall that has revealed rich ore grades and will allow open cut

new techniques to get at gold

final pit depth will be 280 metres, compared with the present 175 metres and Mr Lalor says: "I am sure there will then be underground development."

At SoG's Marvel Loch mine, production this year should be 120,000 oz. The acquisition from Reynolds substantially increased SoG's gold reserves and resources, which jumped last year by 50 per cent, from 2.4m oz to 3.63m oz.

Mr Lalor says the company's aggressive exploration effort costing A\$13m this year - has enabled it to build over the years the biggest land boldings in two of the most prospective gold areas in Australia (Leonora/Laverton and Marvel Loch) and one of the biggest in a third (in the Tanami desert of the Northern Territory).

Four exploration projects in particular stand out: Red October, Kailis and Sunbeam (all not far away from either the Gwalia mine or the company's small Laverton mine in West ern Australia) and the projects in the Tanami desert.

r Lalor says Red October, which forms part of the Octoher, which Butcher Well joint venture with Mount Burgess Mining, is likely to be in production as early as next year. SoG is earning 50 per cent of the Red October deposit, which lies under Lake Carey, 80km south of Laverton Mr Lalor says: "The infrastructure is already there. the mill is waiting and we won't need to spend much capital. It will be a high-grade, open-cut mine and our share should be 40,000 oz to 50,000 oz a year."

That would be more than enough to take SoG into the cents, and earnings per share operations to continue for list of 3 up from 34.4 cents to 38.1 cents. another six or seven years. The producers. list of 300,000 oz a year

#### Additional Interest Statement The Walt Disney Company

Senior Participating Notes Due 1999 ☐ Quarterly Statement. Dated: October 20, 1995

for the period from March 1, 1995 to August 31, 1995 (the "Period") Annual Statement

Pursuant to the arms of the above-referenced Notes, this Additional Interest Statement (the "Statement") is being furnished to Holders of such Notes of The Wait Disney Company (the "Company"). Capitalized terms used in this Statement have the meanings ascribed to them in the Notes and the Fiscal Agency Agreement, dated as of October 1, 1992, between the Company and Cabbank, N.A., as Fiscal Agents Principal Paying Agent, Transfer Agent and Registrar. The information contained in this Statement is given for both the Period covered by this Statement (indicated by the box checked above) and for the period from October 20, 1992, the date of insumons of the Notes (the "Issue Date"), through the end of the Bustant commend by this Statement.

October 20, 1992, the date of insuance of the Notes (the "Issue Date"), through the end of the Petiod covered by this Statement.

This Statement is accompanied by a descriptive report discussing the activity and status of Highle Films. Copies of such descriptive report can be obtained by Holders of the Notes upon request to the Fiscal Agent at the following address and telephone number: Cribank, N.A., 120 Wall Street, New York, New York 10043, Attention: Copporate Trust Department, telephone: (212) 412-6215. If this Statement is an Annual Statement, it is also accompanied by a Supplemental Audit Report of the Company's Independent public accommunits. In this Statement, references to "\$" are to United States dellars.

1. Names of Eligible Films Included in the Portfolio: a. For the Period:

Portiolic:

b. From the Issue Date through and of Period:
A Muppet Christness Carol
The Considery Club
The Adventures of Hack Firm
Indian Summer
Guilty as Sh
Life With Miley
What Love Got To Do With It
Son-in-Lew
Hoous Posse
Another Statement Sister Act 2: Back in the Habit

Cebin Boy Iron Will From the Issue Date Brough and of Period N/A

	For the Period:	From the Jesus Date through and of Pariod
Aggregate Negative Costs of Eligible Films in the Portiolio	(\$731.000)	\$435,776.00
4. The Portfolio Amount		\$400,000,00
Aggregate Domestic Theetrical Rentals     of Eligible Films in the Portfolio*		
<ol><li>Calculation of Confingent Interest:</li></ol>		\$195,105,22
Total Revenues	\$63,056,397	\$809,270,68
Distribution Fees	/11 034 BESS	(141,622,370
Estimated Third Party Participation Payments**		
Posicipis	(872,522)	(4,303,101
Short Subject Plevenues	(0,098,447)	(17,454,292)
Eligible Film Revenues	SAE OCO CED	\$6(5,800,025
Base Amount	0.0,000,000	(800,000,000
Eligible Film Revenues in Excess of Base Amount		
Contingent Interest	x50%	
7. Confingent interest paid par \$1,000 principal of Notes		- 8
* Domestic Theolrical Fornisks of Eligible Films in the in the some manner as Eligible Film Revenues are Actual Third Party Participation Phymicria are used:		
8. Supplemental interest		
Supplemental interest peld per \$1,000 principal amount of Notes.		50
Princeto Carres and Parish		

ment is an Attenual Statement, the Company has indicated be default by the Company in the performance and observance of its or the Fiscal Agency Agreement has occurred and/or is continu X No Default

Yes; Description:

10. Provisional Internet

11. Provisional Interest paid per \$1,000 principal amount of Notes

The Walt Disney Company By hal Edward M. Philip Title: Director of Corporate Finance

#### Low ratings for Philippine banks credit ratings of on average By Edward Luce

in Manila

Moody's, the US credit rating agency, said it had assigned relatively low financial strength ratings to the Philippines' five largest banks yesterday.

The five banks - Metro Bank, Philippine National Bank (PNB), the Far East Bank and Trust Co. the Bank of the Philippine Islands (BPI) and the Philippine Commercial and International Bank - received

grades of either C or D from Moody's on a scale of A to E. At C+, BPI received the highest rating, while PNB, the partly privatised state bank. received the lowest with a

the country's largest private bank, was awarded a rating of D+. Metro yesterday announced a 46 per cent increase in thirdquarter net profit to 939m pesos (US\$36m).

The banks, which have previously been awarded separate progress."

Ba3 by Moody's, had good intrinsic financial strength but were still hampered by an unstable operating environment and vulnerable business straight D. Metro Bank, franchises, the agency said. "The Philippines is in a stronger position to sustain

steady growth in the future." Moody's said. "However, structural weaknesses, auch as a low savings rate, poor infraatructure and wide income gaps, could impede further

#### INTERNATIONAL COMPANIES AND FINANCE

# BBV on target with 26% advance in third quarter

By Tom Burns in Made

DIGEST

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· >u>pended

Banco Bilbao Vizcaya (BBV). which has the largestileposit base among Spain's rivate banks, has shown its ernings muscle, recording a 1.3 per cent increase in pre-tapprofits to Pta107.4bn (\$872.7m) or the first nine months.

The results suggest the BBV is on line to top its Pt 39.6bn pre-tax profit target or tha year. which is 21.5 pr ceot above the 1994 pre-taxfigure. The target was set unler its "1,000 day plan", laurhed to ensure double-digit grath in earnings per share all dividends through to 1997.

"Our third-quarter results reflect our expectations for the end of the year." Mr Luis Bas-tida, BBV financial director, said yesterday. "We are consolidating our presence in the domestic sector and gaining market quota in all our business lines."

The bank'a iocreased strength was underlined by a 16.5 per cent year-on-year surge in its loan portfolio to Pta5.5bn and one of 15.9 per cant in its on-balance sheet customer funds to Pta8,100bn. Attributable profit after minorities was up by 16.2 per cent to Pta55.6bn, and interest income grew 3.1 per cent -

compared with the first nine mooths of last year - to Pta242bn

In the first half of this year BBV raised its pre-tax profits by 29.7 per ceot and its continued atrong profitability after nine months had been anbicipated by analysts.

"We are definitely seeing BBV at the upper end of the Spanish banking range in terms of delivering earnings growth," said Ms Nicola Mann of Smith New Court in London. BBV's performance has beightened its rivalry for lead-ership of the domestic banking sector with Banco Santander

Crédit Foncier

Share price relative to the CAC 40 index

1994

at zero interest, an initiative

introduced by the government

The commercial banks suc-

cessfully argued that they

should all be allowed to distrib-

ute the loans, including the

profitable top-up loans which

are at commercial rates, and

that the French post office

should not. The post office saw

the loans as a new way of

But the post office - which has long discussed collaboration

with Crédit Foncier - has now signed an accord with Mr Colli

under which it can refer cli-

ents inquiring about zero-rate loans exclusively to the bank. Mr Colli estimates that if it

were acting alone Credit Fon-

cier would have captured less

than 10 per cent of the market for such loans but after the Post Office agreement "any-

Meanwhile, Mr Colli says he

has written to all French

banks offering them Crédit Foncier's experience in manag-

ing the zero-rate loans they sell to clients - and he has already

He is also considering introd-

ucing variable rate mortgages
- which represent a very small

proportion of the French bome loans market - and is discuss-

ing with the Treasury oew types of loans for building rental property, and for rehab-ilitating old Parisian offices

which are unsuitable for use.

our restructuring," he says. "I

just have not yet got the tasts of the sauce." But judging by

recent performance of the

group's shares, the market clearly believes the taste may

had positive responses

thing is possible"

attracting business.

in its most recent budget.

Source: FT Exter

25

third-quarter results next with the claim that it is ahead

In the first half Santander's pre-tax consolidated group profits dropped year-on-year by 2.74 per cent to Pta67bn, a fall that was blamed on its efforts to absorb Banco Español de Crédito (Banesto), the troubled banking group which it bought for Pta260bn in 1994.

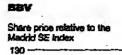
Mr Pedro Luis Uriarte, who conceived BBV's "1,000-day plan" sbortly after he was appointed chief executive a year ago, aims to make BBV the best alternative among Spanish banks within three

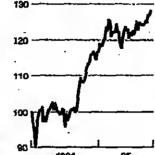
Santander has countered

takeover strategy and it will hreak even on its investment in 1997 instead of in 1998.

BBV's third-quarter results consolidated a 50 per cent stake in Peru's Banco Contioeotal, which BBV acquired for \$110m in March, and its \$350m investment in May to gain control of Mexico's Probursa bank

The acquisitions raised the Spanish banking group's overall costs from 2.4 per cent to 8 per cent but Mr Bastida said the bottom line impact of the coosolidatioo bad been





# Crédi Foncier struggles with dependency culture

Andrew Jack on the loan company's restructuring

or a former civiservant appointed by the French government torum an organisation that diribntes state-subsidised loas, Mr Jeao Claude Colli ays a remarkable amount | attention to his group's shie price. But Mr Colli is thenead of Crédit Foncier de Frace – no simple public sector elerprise - and the fluctuation in its

shares have given in good reason for concern. It has been my annus horrillis," he remarks with a smile Crédit Foncier is in highly

unusual position. Esplished by law in 1852, it is ov classified as a "specialist nancial institutioo". That ges the government the peer to appoint the chairmant "gov-ernor", as he is called ho has authority to over-rulehe vote of his board.

Yet the French site has oever held either diredor indirect cootrol of the shap of the group which is quote on the Paris bourse. And will the 1950s, Crédit Foncier vas not even involved in sta backed

The bank was seup by Napoleon III to rece the accessive interest rat being imposed on farmers to took out loans. While the wid "fon-cier" means "land" in rench, that did not stop the usiness switching into proper loans as the country's agultural population diminished

About 40 years to, the shareholders had litt hesitation in approving an en more radical decision: to arn the bank into a vehicle distribute property loans leely for housing at subsidist rates. with the risk underwitten by the state. "It becare a big

machine for geoerang divi-deods," says Mr Colli Since then, CrédiFoncier has relied on supplyg - nor-mally as a monopolyprovider an alphabet soup govern-ment-backed loans a preferen-tial rates: the PAP, LA, PLI, PLI-DOM and others

It also offers the IS, home loans without subst. These are attractive becase their classification for abounting purposes has far less npact on international solven require ments than convential loans.

All banks can offethe PAS, but Credit Foncier expertise has helped it win 25 r cent of the market this yearMr Colli, bowever, expects the share to fall to 20 per cent in 296.



Jean-Claude Colli: "It has been my annus horribilis"

But dependency has its price. When two months ago the French government decided it was going to abolish the PAP, another form of state-subsidised domestic mortgage, Foncier's ahare price dropped sharply.

The share price had already been falling for some months as the prospects for subsidised loans began to look threatened, and its ventures into property development - like those of many of its peers - forced high provisions.

On Wednesday last week, the authorities of the French stock market added a new humiliation when they knocked Crédit Foncier's shares out of the prestigious CAC-40 index of eading quoted companies.

Mr Colli is oot ignoring the troubles, nor does he shy away from the criticism of the bank. For the first time in the insti-tution's history, he held a meeting for financial analysts this year to outline his plans for the future.

There is, he says, "confusion about what Credit Foncier will become. My priority is to put in place a plan of adaptation." While he admits the withdrawal of PAPa is a significant blow, he believes the atock market's reaction to the chal-lenges facing the bank has been far too oegative.

He stresses that for nearly a decade - since he became deputy governor - he has been diversifying Crédit Foocier away from atate-subsidiaed loans. Over the oext few years, he expects the amount provided through the government to be perhaps 5 per cent of all

claiming a significant victory

# Berlusconi set to complete sale of Mediaset stake

By Andrew Hill in Milan

Mr Silvio Berlusconi, the media magnate and former Italian prime minister, is poised to complete the L1,800bn (\$1.1bn) sale of a minority stake in Mediaset, the sub-holding company for his media interests, in the run-up to a planned flotation of the company next year.

A group of international investors headed by Kirch, the German media group, agreed in July to buy a 25 per cent stake in Mediaset, which should be diluted to 20 per cent by a subsequent increase in capital. The new investors have already paid a deposit for the shares, and Fininvest said vesterday they should pay the balance before the end of this month.

Few details of the deal were released in July, when Mr Berlusconi agreed to sell the Mediaset stake to Kirch, Richemoot, the Swiss-hased com-

family of South Africa, and Prince al-Waleed hin Talal hin Abdul of Saudi Arabia. The aim was to reduce the conflict between his business interests and his political ambitions and to cut debt at Fininvest, the private holding company which owns Mediaset.

Two Italian banking groups Imi and Banca di Roma - are

than the 20 per cent envisaged in July, but the aim is they should also commit themselves to underwriting a further increase in capital and stock market flotation of Mediaset, which Fininvest hopes to carry out by June 1996.

The restructuring of Mr Berlusconi's television and publicity activities has also geoerated interest from other poteotial investors, incloding Vebacom, the telecoms group jointly owned by Veba, the German industrial conglomerate, and Cable & Wireless of the UK Vebacom had considered

sharing the 10 per cent stake in

sion transmission infrastructure to develop a secood mobile telephone network in Italy, as part of plans to create a city-based "personal commnnications network operating alongside existing mobile phone services.

#### EUROPEAN NEWS DIGEST

### Philips to increase **BSO/Origin stake**

Philips, the Dutch electronics group, is to increase its 41 per cent stake in BSO/Origin, the Dutch software consultancy, to an unspecified majority holding by transferring its own information technology services business to the company,

The new company, to be called Origin, will have annual turnover of about Fl 2bn (\$1.25bn) and a workforce of 10,000, making it one of Europe's largest providers of computer services. It is expected to be established in early 1996. Philips' consultancy business, Philips C + P, specialises in communication and data processing, whila BSO/Origin, which had 1994 turnover of FI 816m, concentrates on tailoring software to companies' needs

The deal will enable Philips and BSO/Origin to respond to the growing need for integrated computer services, including linking up oetworks of computers within companies. The two companies declined to give any financial details. Further information on the deal is expected to be released in November, BSO said. BSO/Origin and Philips work jointly in several countries, including the UK. Sweden and Mexico. The new company will have operations in 27 countries. Ronald van de Krol, Amsterdam

#### Dyno Industrier advances

Dyno Industrier, the Norwegian explosives and chemicals manufacturer, reported a rise in net profits from NKr283m to NKr287m (\$45.8m) for the first nine months. Sales increased from NKr7.29bn to NKr7.85bn.

Net profit included an extraordinary gain of NKr200m oo the sale of its petrol station division, and an extraordinary cost of NKr107m for the settlement of US anti-trust charges of price-fixing in chemicals. It also took a NKr90m charge in the third quarter for restructuring its explosives division

The company said demand in its main markets had been rising steadily for the past couple of years, and oo significant changes were expected in the level and composition of demand in the fourth quarter.

#### Safra Republic rises 7%

controlled by Mr Edmond Safra, reported a 7 per cent rise in net income in the third quarter to \$41.2m, or \$2.33 a share. Income from interest rate business, commissions and trading were all ahead, leading to a 12.4 per cent rise in operating income to \$83.8m. Pre-tax profit increased 7.9 per cent to \$43.9m after a \$3.3m charge for the depreciation of the US dollar against European currencies.

For the nine months, net income was flat at \$120m, or \$6.77 a thare. At September 30, the group had \$16bn under management, up from \$13.1m a year earlier. Consolidated assets at September 30 were \$14.2bn and shareholders' equity Ian Rodger in Zurich

#### now understood to be working Mediaset which Kirch is committed to buying. However, it is understood Vebacom is no on plans for the sale of a further stake in Mediaset. A consortium of banks is expected to longer interested in pursuing a Safra Republic, the Geneva-based private banking group buy some shares directly from direct investment in television. Fininvest itself and subscribe Separately, the Italian arm of to an increase in capital before Cable & Wireless Europe, another C&W/Veba joint venthe end of this year. The banks' direct investment ture, is talking to Fininvest in Mediaset is likely to be less about using the group's televi-

# Now is the time look at investment in Russia.

The Russian Federation is launching a new phase in its privatisation

programme, providing new opportunities for international investors.

Having completed the mass privatisation stage, the Government will now sell its residual shares in thousands of privatised companies across a range of industries at cash auctions and through tenders.

Investment in Russia benefits from the progress of economic stabilisation, enterptise restructuring, development of the capital market, and legal and regulatory reform.

This is a major opportunity for international investors. In this new step forward in Russian privatisation, international bidders on enterprise shares will, in most cases, have equal opportunity with domestic investors.

Russian Cash Auction Information Service - fax:

# 2 0 7 2

Take time to look at the investment opportunities in Russia.

RUSSIA. THE TIME IS NOW.

THIS INFORMATION IS BROUGHT TO YOU BY THE STATE PROPERTY COMMITTEE OF THE RUBSIAN FEDERATION. THE FEDERAL PROPERTY FUND, AND THE RUSSIAN PRIVATISATION CENTRE.

### in the battle for handling loans be hitter. GAN halves losses in first six months despite charge

Groupe des Aurancaa Nationale, the Fresh state-owned insurance grip, yester-day more than halveits losses to FFr387m (\$77.6) for the first half of the year Turnover rose fro FFr63bn to FFr76.3bn, and t balance

sheet total from FF38.8bn to FFre21.6bn. French fe assurance profits almost publed to FFr627m from FFr4m, and losses from con-lifbusiness fell from FFr728m tFFr359m. Business from outside France rose sharply including in the UK in ste of the difficulties affectinghe sector

- with total net inque rising

from FFr42m last time to

FFr22im.

However, GAN took a charge of FFr1.3bn as part of its restructuring plan, including provisions in UIC, the property development arm of its banking group CIC. Provisions as a proportion of doubtful loans in UIC rose from 53 per cent to 55

per cent during the period.

Mr Jean-Jacques Bonnaud,
chairman, reiterated his objective of GAN returning to profitability from the 1996 financial year, and producing a 10 per cent return on shareholders' funds for 1997-98.

He said the new French accounting regulations for insurance companies had had had already taken substantial provisions, totalling FFr14bn during 1993 and 1994, as part of

Uoder the new rules, the group made provisions of FFr1.7bn against property and share investments, and allowed FFr800m in its contribution to a pension scheme being introduced across the insurance sector.

Mr Bonnaud said UIC would cootinue a programma of shrinking its loan portfolio by FFr7bn-FFr8bn over three years, and that at group level GAN would cut non-strategic investments by FFri.8bn in three years.

S. Warburg Group plc

6.5 PL CENT. SUBORDINATED COVERTIBLE BONDS 2008

NOTICE IS HEREBGIVEN to holders of the above Bonds that, pursuant to paragraph 8(bit) of the terms and conditions of the Bonds, the conversion price of Bonds has been adjusted as of the close of business. conversion price of Bonds has been adjusted as of the close of business on 26th July, 1995om 854p to 382p as a result of the Scheme of Arrangement of S. Warburg Group plc. Any bondholders considering whether to exercise inversion rights should be aware that the London Stock Exchange beconfirmed that the ordinary shares arising on conversion would not suitable for listing under current circumstances.

Dated 20th Octob 1995 S.G. Warburg & Ltd.
as Principal PayidAgent



Floating rate notes due 1999

Notice is hereby given that the notes will bear interest at 6.88542% per arram from 18 October 1995 to 18 January 1996. Interest payable on 18 January 1996 will amount to £173.08 per £10,000 note. Agent: Morgan Guaranty Trust Company

**JPMorgan** 

Talk of a merger in Britain's

crowded insurance market

may be an old chestnut but

that has not stopped it find-

ing new life. If consolidation

in the banking sector is so

good for shareholders, the

logic runs, why not insurance

in fact, the businesses are

very different. A banking

merger offers the prospect of

big cost cuts through ration-

alising hranch networks.

Insurers do not have these

networks; a merger would leave their distribution costs

a dramatic effect on the bot-

The non-life insurance busi-

ness is notoriously cyclical.

as well?

LEX COMMENT

X insurers

Index relive to the Alf-Share

(FT-SE-Andices)

112 ---

Source: Figure

turn hit

#### COMPANY NEWS: UK

# N American price boost for **Albert Fisher**

By David Blackwell

Better prices for fresh produce in North America helped Albert Fisher Group, the food processor and distributor, to push annual profits before exceptional items up 14 per cent.

However, progress was restrained by lower operating profits in the seafood division, even though turnover almost doubled following the acquisition in April 1994 of Rahbek, the producer of chilled and frozen seafood

Pre-tax profits in the year to Angust 31 were £39.5m (\$61m) before an exceptional charge of £8.4m, against £34.8m previously. The exceptional charge related to dis-continued businesses and included £5m of goodwill previously written off.

The final dividend is maintained at 1.9p, giving a total for the year of 3.75p, com-pared with 3.71p. Earnings per share were 4.08p (3.72p) before exceptionals, or 2.9p

Mr Stephen Walls, chair-man, said that "by any definition it has been a year of considerable progress". The group had been successfully restructured, and "with all the building blocks in place we see ourselves with an abundance of growth oppor-

Turnover from continuing

6 miths to Aug 31

6 mits to June 30

6 miths to June 30 6 miths to Sept 30 6 miths to Sept 30 7 to July 31

Yr to June 30

Holders of Series I Secured Bonds and Series 2 Secured Bonds

Series 3 Secured Boods have been issued in better form only.

All deposits in connection with the Meetings may be made

Cauadian Branch Addresses of the Trustee

(a) Holders of Series 3 Secured Bonda not held through the Euroclear or Cedel Bank clearing systems easy:

or, in each case, with the Trustee to the place of the Meetings on the day of the Meetings prior to their comme

1465 Brenton Street State 504 PO Box 30012 Hatilan, N.S. BAJ 359

Holders of Series 3 Serured Bonds

Denosits, Presies and Forms

Western Cas Tower 530-Rtn Avenue S W Suite 640 Calgary, Alberta T2P 388

Desail October 20, 1995

.... 8 mths to June 30

\_ Yr to July 31

RESULTS

£1.34bn to £1.62bn, with the bulk of the increase from

organic growth. Operating profits from the North American produce division jumped from £6.4m to £16.9m, on sales up from £482m to £575m. The group was able to exploit its size to procure supplies after shortages caused by floods in California and hurricanes in Texas. The weather factor boosted profits by \$2.5m to \$3m, but most benefits came from better produce

Seafood sales rose from £166m to £305m, but operating profits were slightly down at £7.5m, hecause of strong currencies in the Benelux countries and Den-mark, as well as higher prawn and plaice prices. The group said the tough markets and low prices last year would lead to some consolidation in the industry, and it expected "significant progress" this year.

European produce profits were flat at £10.7m, on sales slightly ahead at £496m, hampered by results from Germany, European Food processing profits rose 6 per cent to £12.4m on sales of

Profits could emerge well up or well down on the average forecast of £43m. As long as the dividend is maintained, the shares will give a

(43.5 )

(1,424 ) (5,9 ) (2,87 )

(174 )

24.2 5.63.4 0.902 8.45 0.026L 0.61 0.785

0.485

0.891

(0.483 ) (8.91 ) (0.03L

(0.081

2.61

60.1

191.6

111.76

159.5 (144.74)

Decision to pursue Eagle Star through courts resulted in £14m provision

# Mowlem chief executive resigns

Construction Correspondent

John Mowlem, the troubled construction group, yesterday announced it had parted company with Mr John Marshall, its chief executive, just four weeks after reporting substan-

He was promoted to chief executive last year when Mowlem was forced to make a £63.1m rights issue after it revealed it would breach its loan covenants.

However the group has con-tinued to suffer and last month announced a £31.8m loss in the six months to the end of June. That figure included a £17.8m charge to cover restructuring and a £14m provision to settle its long-running legal battle over the Carlton

Gate housing development in west London Mr Marshall was closely

announced its second special

dividend in less than a year

yesterday, demonstrating the

pressure on regional electricity

companies to put cash in

It is spending £180m (\$279m)

on s 100p s share dividend, but

the pay-out is smaller than the

stock market expected and the

shares fell 15p to 899p. Mr Malcolm Chatwin, chief

executive, said the payment,

11.45

Dividends shown net Earnings shown basic. Figures in brackets are for corresponding period. After exceptional charge. †On increased capital. SUS currency. What income. First potential threat to Longwall potential threat to Longwall.

Electricity

Jan 31

Dec 11

Dec 20

10.81

By James Harding

shareholders' hands.

(58.79 ) (0.04L )

(0.33 )

EPS (b)

4.59

This notice shall not constitute an offer to sell of the solicitation of an offer to buy any securities of First Place Tower Inc. Any such offer may be made only by the Meeting Materials referred to herein, and may cale may be communicated only after all applicable court and regulatory approvals have been obtained.

NOTICE OF SPECIAL SERIAL MEETINGS OF SERIES 1. SERIES 2 AND SERIES 3 BONDHOLDERS OF

OLYMPIA & YORK FIRST CANADIAN PLACE LIMITED

TAKE NOTICE that Special Sexual Meetings of the holders (the "Bondholters") of 10.77% Series 1 Sexual Bonds due November 4, 1993 ("Series 1 Sexual Bonds"), 11.00% Series 2 Sexual Bonds", 11.00% Series 3 Sexual Bonds due November 4, 1993 ("Series 3 Sexual Bonds") (vollectively, the "Bonds") issued pursuant to the Trust Indenture for Sexual Bonds due of Sexual Bonds ("Sexual Bonds due November 4, 1993) is trusted, as granded and supplemented the "Trust Indenture" will be concurrently held at First Canadam Place, 37th Floar, 100 King Street West, Torotox, Ontains on Tuesday, November 28, 1993, as 111.30 art (Torotox time) individually, a "Meeting" and collectively, the "Meetings" has first Canadam Place, 37th Floar, 100 King Street West, Torotox, Ontains on Tuesday, November 28, 1993, as 111.30 art (Torotox time) individually, a "Meeting" and collectively, the "Meetings as hereitabler described is deemed pursuant to Section 14.88 of the Trust Indicature relating to Serial Meetings to the Bonds of each series in a manner substantially differing from that as which is affects the rights of bolders of the Bonds of the other series, the proposition of the Other series, the "Restructuring plan described in the Report of Bonds of each series in a restructuring Resolutions", in approva the restructuring plan described in the Report of Bondsholders (Committee; approva the restructuring plan described in the Report of Bondsholders (Committee; approva to proposite plant of the Bondsholders (Committee; approva the restructuring plan described in the Report of Bondsholders (Committee; approva the restructuring plan described in the Report of Bondsholders (Committee; approva to proposite the Plant Bondsholders (Committee; approva the restructuring plan described in the Report of Bondsholders (Committee; approva to proposite the Bondsholders and the straight of Polario, Canada, all secretiny and consistential to the Bondsholders and the Southead and active training that (I) the Trustee as plantiff to the foreclosure action in re

vent the Bondholders pass the Restructuring Resolutions, the Trustee will apply to the Outario Court (General Division) for an order concerning the frances of the restructuring plan. Only those derived will be excited to be served with any jurifier documents, to receive price of my further steps in the aforementationed court application.

All instruments of provy, confidence and notifications referred to herein shall be in a form satisfactory to the Trustee. Forum of Provy, copies of the final prospection of PPTI offering the New Securities, the test of the respective Restmenting Resolutions. I letter and a export from the Bondholders' Contrastee and a social of a court applications concerning the restructurity (the "Meeting Materials") have been mailed to registered flottlers of the Series 3 Secured Bonds and the Series 2 Secured Bonds in the case of bearer holders of the Series 3 Secured Bonds, the Meeting Materials together with voting certification and instructions may be obtained from Bank of Montreal, I I Walbrook, 2nd Floor, London, BC4N SEO, England, or principal paying agent for the Series 3 Secured Bonds, or from the Trustee at any of the Canadian branch addresses of the Trustee at forth below.

There will be no solicitation of proxies for the Meeting and the Forms of Proxy do not name a proxyholder. Persons appointed as proxies nors, not be Southolders Most NOT appoint the Trustee or my member of the Southolders' Committee as proxy and any proxy number grows will be invalid.

Trustee or any mension of the Bondholders' Committee as proxy and any proxy mensing any such person will be invaled.

In order to facilitate voting by Bondholders who wish so vote at the Meetings but are unable to attend or otherwise appoint a proxy to amend the Meetings, holders of Series 1 Secured Bonds may man as their proxyholders on the appropriate Form of Proxy John B. Newman ("Newman") or, failing him, Douglas G. Millor ("Millar"), Christ Executive Officer and Secretary, respectively, of FPTI, Holders of Series 3 Secured Bonds may not manne Newman or Miller as their proxyholders but rather may so name Bank of Montreal as the Executive Officer and Secretary, respectively, of FPTI, Holders of Series 3 Secured Bonds may not manne Newman or Miller as their proxyholders but rather may so name Bank of Montreal as the test of Benk of Montreal as the east may be believed by Bank of Montreals as the east may be a will cast the believed by Bank of Montreals as 3 Secured Bonds only in the measure on which they are expressly instructed on the Form of Proxy or to she Bondholder through Euroclear or Codel Bank, as the case may be. Newman, Milor and Bank, of Montreal will vote only in the measure in which they are expressly instructed and executed Porms of Proxy and, so the case of Bank of Montreal, through Euroclear or Codel Bank, None of them will vote only in the measure in which they are expressly instructed and executed Porms of Proxy and, so the case of Bank of Montreal, through Euroclear or Codel Bank, None of them will vote only in the measure in which they are expressly instructed and executed Porms of Proxy and, so the case of Bank of Montreal, through Euroclear or Codel Bank, None of them will vote only in the measure in which they are expressly instructed and executed Porms of Proxy and, so the case of Bank of Montreal, through Euroclear or Codel Bank, None of them will vote only in the measure in which they are expressly instructed the respective Restructuring Resolution.

There will be a separate destruct

The Resonancering Resolutions states by passed by the favourable votes of the holders of not less than 66-2/3% to principal amount of the Series 1 Secured Boods, the Series 2 Secured Bonds and the Series 3 Secured Bonds world in pursues or by priory on the respective Restructuring Resolution.

A Bondholder may revoke a proxy to the extent such yrony has not been exercised) in any manner parameted by law, including by delivering a duly excessive instrument in writing revoking such preny or delivering another duly excessed proxy bouring a later dues to the Trustee at any of the Canadian beanch addresses set forth below to or before 4.00 o ctock pm (local time) on the last business day preceding the day of the Meetings or any adjournment thereof or to the Chairman or scrutaneous at the place of the Meetings on the Jay of the Meetings prior to the constructors at the Meetings or any adjournment thereof or to the Chairman or scrutaneous at the place of the Meetings on the Jay of the Meetings prior to the constructors at the Post and Jay of the Meetings prior to the constructors.

Series 1 Secured Bonds and Series 2 Secured Bunds have been natural to fully registered form only. Registered bolders of Series 1 Secured Bonds and Series 2 Secured Bonds way amond the Mertings in person or may appoint another person so proxy by depositing with the Trustee an instrument appointing the proxy algored by the holder of the Series 1 Secured Bonds or the Series 2 Secured Bonds or an attorney thereof, together with, to the case of an instrument signed by an automory thereof, the writing appointing the automory to sign the instrument.

arend the Meeting in person by depositing with the Trustee a voting certificate executed by any bank, banker, broker, trust company or other depository satisfactory to the Trustee, wherever relusted, contributing their no the date therein memorared such levidor had on deposit with such depository the Series J Secured Bonds designated in such certificate and that each Series J Secured Bonds designated in such certificate and that each Series J Secured Bonds designated in such certificate and that each Series J Secured Bonds designated in such certificate and that each Series J Secured Bonds designated in such certificate and that each Series J Secured Bonds designated in such certificate and that each Series J Secured Bonds designated in such certificate and that each Series J Secured Bonds designated in such certificate and that each Series J Secured Bonds designated in such certificate and that each Series J Secured Bonds designated in such certificate and that each Series J Secured Bonds designated in such certificate and that each Series J Secured Bonds designated in such certificate and that each Series J Secured Bonds designated in such certificate and that each Series J Secured Bonds designated in such certificate and that each Series J Secured Bonds designated in such certificate and that each Series J Secured Bonds designated in such certificate and the series of the Series J Secured Bonds designated in such certificate and the series of the Series J Secured Bonds designated in such certificate and the series of the Series J Secured Bonds designated in such certificate and the series of the Series J Secured Bonds designated in such certificate and the series of the Series J Secured Bonds designated in such certificate and the series of the Series J Secured Bonds designated in such certificates and the series of the series of

(ii) appoint another person to prove by depositing with the Trustee the ison described to (a) (i) show together with an assentent appointing the prove algored by the holder of the Series 3 Secured Bonds or an attorney thereof and, in the case of an instrument signed by an anomey thereof, the writing appointing the assentance to sign the instrument.

Any bank, trust company, staurance company or governmental department or agency approved by the Trustee that is a holder of Series 3 Secured Bonds may satisfy the requirement of agency approved by the Trustee that is a holder of Series 3 Secured Bonds designated in such certificate suggest by it certifying that it is the holder of the Series 3 Secured Bonds designated in such certificate and that it will continue to hold such Series 3 Secured Bonds designated in such certificate and that it will continue to hold such Series 3 Secured Bonds designated in such certificate and that it will continue to hold such Series 3 Secured Bonds designated in such certificate and that it will continue to hold such Series 3 Secured Bonds designated in such certificate and that it will continue to hold such Series 3 Secured Bonds designated in such certificate and that it will continue to hold such Series 3 Secured Bonds designated in such certificate and that it will continue to hold such Series 3 Secured Bonds designated in such certificate and that it will continue to hold such Series 3 Secured Bonds designated in such certificate and that it will continue to hold such Series 3 Secured Bonds designated in such certificate and that it will continue to hold such Series 3 Secured Bonds designated in such certificate and the series 3 Secured Bonds designated in such certificate and the series 3 Secured Bonds designated in such certificate and the series 3 Secured Bonds designated in such certificate and the series 3 Secured Bonds designated in such certificate and the series 3 Secured Bonds designated in such certificate and the series 3 Secured Bonds designated in such certificate and the secured bonds designated by the Secured Bonds designated in such certificates and the secured bonds designated by the secured by the se

Holders of Series 3 Secured Bonds held through the Euroclear or Cedel Bank clearing systems should respond to Euroclear or Cedel Bank to the case may be, in accordance with the guidelines stipulated in Euroclear's or Cedel Bank's notice to customers specifying standard procedures for processing voting instructions in the case of a bondrolders' meeting, either to request that it notify the Trussec as to the individual entitled to vote and atomic the Meetings or to specify voting instructions for Bank of Montreal prior to 10,000 o'clock am (Luxenbourg and Branchs time) on Thursday, November 23, 1995.

tal by a holder of Scries 1 Secured Bonds or Series 2 Secured Bonds with the Trustee at any of the Canadian breach addresses set forth below or or before 4 00 o'clock pm floral triors on Monday. No 27, 1995; and

Place Morrical Trest 1800 McGiji College Avenue

(b) by a holder of Serges 3 Secured Borals with (i) the Trustee as any of the Canadian branch addresses set forth below as or before 4.00 o'clock pm (local time) on Monday, November 27, 1995 or (ii) Bank of Mondael at 11 Walterook, 2nd Floor. London, England EC4N SED as or before 10.00 o'clock ass (Lunembourg and Brussels sizes) on Thursday, November 23, 1995.

151 Proce Street Wes Summe 605

This notice is given pursuant to the Trust indenture with the intent that the respective Restructuring Resolutions, if passed at the Meetings in accordance with the Trust Indenture, shall be building upon the Series I Secured Bonds, the Series 2 Secured Bonds and the Series 3 Secured Bonds and their respective been, executors, administrators, successors and exigns, whether present or absent, and Trustre shall be bound to give effect thereto accordingts.

Yorkshire

pursue legal action against the developer, Eagle Star the insurer. The action resulted in Mowlem apologising unreservedly to the insurance group and Phippen Randall & Parkes, the architects, and paying their legal costs. Mowlem

last month announced plans to sell or close underperforming subsidlaries, including its French scaffolding operation and its German construction business, BauTec. It also proposed to slim its UK engineering divi-sion. Some 700 jobs were expected to be lost in the restructur-

ing.
In the interim statement Mr Marshall said the company "planned to cut the throats" of its loss-making businesses. He said the group was also negotiating with at least two serious buyers for its 90 per cent stake in London City Airport

Yorkshire Electricity plans

which follows a 90p special div-

idend in January, "underlines

The payment, to be made in

January, was accompanied by

a pledge to increase aggregate

dividends by 10 per cent this year and next. Yorkshire also

promised to distribute to share-

holders most of its interest in

the National Grid, jointly

owned by the recs and due to

Yorkshire forecast that the

7 3.75

0.5

14.16

special dividend would lift its

3.75

0.75

float in December.

our intention to deliver excel-

lent returns to investors".

another special dividend



John Marsball: left after discussions with board

Mr Kenneth Minton, Mowlem's chairman said: "Like everybody else we have been suffering from the downturn in LK construction activity. But we have had other problems as well. After discussing these with the board, Mr Marshall decided to resign.

financial year end in March.

Gearing would briefly touch

100 per cent next year when

the company makes excep-

tional tax payments incurred

Mr Angelos Anastasiou, ana-

lyst at Panmure Gordon, who

had forecast a dividend of 150p.

said the offer was "slightly

lower than expected", but said

future demerger and dividend

payments still made it a

pretty good deal for share-

**Dobson Park** 

complacency

Harnischfeger Industries, the

US mining equipment manu-facturer bidding for Dobson

Park Industries, yesterday accused its UK rival of compla-

cency over competition and

ignoring customer demands for

The Milwaukee-based group,

which has offered 110p a share

for Dobson Park, said the com-

International - its roof sup-

ports and conveyors husiness -

from overseas producers such

as Marmon Group of the US

and manufacturers in emerg-

It also questioned the future

for Longwall once such com-

petitors offered fully integrated

Dobson Park, which has rejected Harnischfeger's £172m

offer, is today expected to

rebut the criticisms in a

detailed defence document.

integrated suppliers.

ing countries.

product ranges.

accused of

By Tim Burt

in the demerger of the grid.

Share price relative to the FT-SE-A Building & Construction Index 120

Scurpe FT Extel

Mr Marshall, who had been with Mowlem for 11 years, is being replaced by Mr John Gains, a director since 1992 and now responsible for construction activities.

1994

Mr Marshall is expected to receive a pay-off of ahout

#### Eurotunnel hot seat for Bill Dix

Eurotunnel, the Anglo-French operator of the Channel tunnel, has appointed a new chief commercial officer following the departure of Mr Christopiner Garnett last March.

Mr Bill Dix, who has been

Mr Mackenzie is expected to return to his normal post in the company's corporate

In September, ahead of Eurotunnel's decision to suspend interest payments on £8bn of debt, several of the company's 225 banks expressed concern that Eurotunnel had failed to appoint a commercial director. Mr Dix will be responsible for all of Le Shuttle's commercial and retail operations and report directly to Mr Georges-Chris-

The long-awaited announcement did not impress everyone in the City. One analyst said that the appointment to such a senior post of someone with Mr Dix's level of experience "smacks of desperation".

Scottish Amicable

Scottish Amlcable is this week launching an operation to seil life assurance and critical illness plans in Germany through independent advisers.

The company is using a proriston in the third European life directive allowing life companies to manufacture products in one European Union state and sell them in another.

#### The fact that the market is overcrowded by international standards makes this worse, encouraging drastic rate-cutting in the downswing of the cycle. By rationalising the sector, mergers would make

running bis own business since 1993, takes over from Mr Bill Mackenzie who was acting commercial director.

finance department.

tian Chazot, chief executive.

approval of products in the

Standard Life last month announced plans to enter the German market early next

#### commissions paid to bro-kers – untouched. Only the that les likely. Cutting costs direct costs of managing the could so make the differ insurance business could be ence beveen profit and loss seriously cut. But these should not be ignored: since underwriting profits represent a tiny proportion of income, cost cuts could have

when th cycle hits bottom. Wheter mergers will materialise mains to be seen. The biscomposite insurers have peormed well recently and ma feel little pressure for chage. If so, they should seware of hubris. Strong erformance at the top of the cycle is not necessarily a ign that the bottom will be less grim. They should I thinking about consolidatio before the down-

# Royalties help to net Elan I£24m

By Daniel Green

Growth in fees and royalties helped net profits at Blan, the healthcare company, rise from 1£19.6m to 1£24m (\$36.58m) for the six months to September

Sales by the company, based in Athlone, Ireland, edged up from I259m to I260.1m, but the company recorded much faster growth from research revennes, from I£10.7m to I£11.7m and royalties, from 1£18.9m to I£21.7m.

The product sales division was hit by the sale of some nutrition product lines and lower shipments of the heart

drug Cardizem SR. Mr Donal Geaney, chief executive, expects "renewed growth in product sales in the second half following the

final stres of the regulatory Elan, tich is quoted in New

York, sprialises in drug delivery - th repackaging of existing dru: into forms that are better a orbed into the body. Its joir venture companies showed ales rises of 25 per cent, wh the Taiwanese venture doiz particularly well.

In resonse to a warning from th US Food and Drug Adminiration about Elan's plant in eorgia, the company said it and an independent audit wich demonstrated certified copliance with current good manfacturing practice. The FD had scheduled a remspection

Elan sterday announced a new worlwide head of regulatory copliance, Mr Ronald Karzine from Swiss drugs companCiba.

#### **Independent Rado raises** £10m in placing in Aim

The largest capital-raising exercise so far on the Alternative Investment Market was announced yesterday when Independent Radio Group

raised £10m through a placing. acquire "aderdeveloped" com-The move will give a boost to mercial ations and apply for the fledgling market, which before yesterday had raised just £30m for companies since its inception in June.

Indepelent Radio has been formed bformer executives of Trans Wild Communications, the radicolding group bought hy Emapust over a year ago. The net company said it intended) use the proceeds to new liceres.

The shres, placed at 100p. went to 17p premium at the end of thfirst day's trading.

# Personal contact oils the wheels

#### Robert Corzine on the secret of Ramco's success in Azerbaijan

nly a dim light illuminates the room in a rest home outside Baku the capital of Azerbaijan. The building, which once served as the summer house of one of the early millionaires from Azerhaijan's first oil boom in the late 1800s, is an appropriate venue for an infor-

#### **US** connection helps turnover Net profits at Ramco Energy,

the small Aberdeen oil group with interests in Azerbaijan, surged from £61,000 to £415,000 in the six months to June 30. Operating profits were £585,000, against £268,000, on turnover of £3.61m (£2.4m) boosted by a \$1.25m (£800,000) payment from Pennzoil, the US oil company which Ramco brought into a consortium developing three giant oil fields in the Caspian Sea. Pennzoil is also carrying Ramco's share of the costs of the \$8bn project.

Ramco's losses from associated nndertakings were reduced sharply from £117,000 to £9,000. Earnings per share rose sharply to 2.16p (0.33p); as usual no interim dividend is payable

mal discussion between a western oil man and an ailing Azeri oil official.

The conversation ranges from the official's health to the changes sweeping through the Azeri oil industry, until a few years ago the backwater of the Soviet energy sector but now the focus of frantic competition between some of the world's biggest international oil companies.

those pioneering the opening play in the country. "Small

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AS TRUSTEE

BY MONTREAL TRUST COMPANY OF CANADA.

up of the Azeri oil industry to companies can often be more could be morted via a newlywestern investment, is able to maintain a competitive position in a country increasingly dominated by giant oil

concerns. For Ramco Energy, the small Aberdeen based oil services company with a 2.08 per cent holding in one of the largest international oil consortiums ever formed, the personal relationships with Azeri officials that it has forged over the past six years are crucial to future

Last week Ramco passed a milestone in its transformation from an oil services company into a fully-fledged oil group. The decision by the Azerbaijan International Operating Com-pany to go shead with "early" oil production from its giant fields in Caspian Sea means revenue should begin to flow sometime in 1997

In the meantime the company will continue to receive payments from Pennzoil, the US independent which it introduced into the consortium. Its interim results published yes-terday showed a \$1.25m (£800,000) payment for the first half. A similar amount will be paid in the current balf, with a final payment of \$8m dne at the end of 1996.

Some analysts wonder, however, if a small company such as Ramco can repeat the success it has achieved in Azerbaijan. After all, no other small independent exploration and production company has so far followed it into Azerbaijan, which many consider the preserve of the international majors.

Mr Stevs Remp, the chief executive who has made more than 60 trips to Azerbaijan The executive is concerned since 1989, believes Ramco that his small company, one of does have a continuing role to

needs," he says.

An example is their ability to develop smaller reserves that may not interest larger compa-

Although Ramco is keen to take part in new, highpotential offshore areas being opened to study, it is also pursuing a separate agreement to develop the proven reserves of the Muradhanli onshore

responsive to the country's approvedpipeline route to neighboung Georgia, or by rail if carrity in the pipeline was not railable, say company exectives.

An alterative could be a swap arragement with Iran, says Mr Sven Bertram, Ramco's finan director. For the me being the com-

pany has , plans to extend its oil interes beyond Azerbaijan. Aftenil, say executives, their committive advantage is Oil from such a development in their Ari contacts.

### Credito Italiano

# 1995 Interim Report

This is to inform you that 1995 interim rent is available upon request at Credito Italiano's Registed Office in Genoa as well as at all offices of the Sck Exchange

A copy may also be obtained from Ufficioffari Societari Direzione Centrale - Piazza Cordio - Milano (Tel. 02/8862-2595/2755/3419 - Fax 02/62-3998).

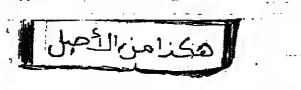
THE BOARD ODIRECTORS

SUN LIFE GLOBAL PORTFOLICSICAV) Registered Office: 14, ne Aldringen, Luxeourg R.C. Luxembourg B27526

DIVIDEND ANNOUNCEMENT The Board of Directors announce that a dividend has been deced on each of the below mentioned portfolios at the rate per share which will be paid on its November 1995 to the respective Shareholders of those portfolios as recorded at theose of business on 29th eptember 1995.

0.98p (UK) per share for Haven Portfolio 1.54p (UK) per share for Distribution Portfolio The Board of Directors

39th September 1995



1.607

1.607

283.497 5.496 60.874

#### RECRUITMENT

JOBS: The Channel Tunnel is encouraging commuting between countries

# Working out where to live

he growing attractions of "Euro-commuting", travelling to work between European countries in preference to expatriate joh transfers, was highlighted in a report this week\* from Price Waterhouse, the accountancy

The Control of the State of the Control of the Cont

firm.
The report also noted that many UK companies were considering or had already begun to treat jobs within Europe as relocation rather than expatriation packages. The difference between the two is that relocation - oormally used when transferring staff within a country - puts the employee on a local salary structure with limited financial assistance for schooling and housing. An expatriate deal usually involves a much more geoerous package of allowances, including cost of living premi-

The trend towards commuting between countries, usually either weekly or bi-weekly, is still, perhaps, at the experimental etage. Nearly half of the 180 companies surveyed for

the report said they had considered allowing employees to commute on a weekly basis as an alternative to an expatriate

Of those companies which had introduced such arrangements, 91 per cent rated it as either very or quite successful. Less than 10 per cent said the idea had failed.

The main worries were that commuting between countries could be stressful if prolon and prevented an individual settling in the host country. On the plus side, it allowed employees' partners to follow their own careers without disruption and did not interrupt the schooling of children.

Since domestic concerns. dual career problems and children's education are the most commonly cited reasons for refusing a foreign assignment, commuting can begin to appear a viable alternative. Some companies had found also that it could be a cheaper alternative to a full expatriate

Price Waterhouse produced

**UK Living Costs** 

Gr'ter London 123,451 £20,623 £18,827 £18.635 £17,348 £19,849 £18,506 £16,401

some costing comparisons between a a full one-year expatriate assignment to France compared with the cost of com-muting from the UK by train. Each involved an individual who was married with two children and on a base salary of £44,000.

The total assignment costs

for the commuter was £89,305 compared with £145,408 for the expatriste. The biggest additional costs for the expatriate involved extra housing costs, education, relocation, air fares and storage and a much larger tax payable on benefits. The

only additional cost falling to the commuter that did not fall to the expatriate was Channel tunnel fares totalling 25,000.

In spite of these figures, the report found that the number

of expatriates is expected to

continue increasing

It is not surprising, there fore, that the one message coming out loud and clear from the survey is that the pressure is on to control the costs of expatriate deals. Since the survey was last carried out two years ago, two thirds of the companies questioned had taken steps to reduce the costs of assignments, ootably in either pay, living cost allowances or incentive premiums. Nearly one third of the companies, for example, were deducting a sum to recoup part of the

cost of housing. This means there is all the more reason for employees to be sure they are getting a deal which makes the assignment worthwhile.

The cost of living information in the main table (right) should help to ease the proh-

Place	Living cost Index	Infla- tion %	Exch'ge rate £1 =	Place	Living cost index	infla- tion %	Exchige rate £1 =	Place
Japan, Tokyo	174.75		133,569	Israel, Tel Aviv	103,49	11.00	4.831	USA, Los Ang
Switzerland, Geneva	132.33			Saudi Arabia, Jedd.	102,98	0.50	6.027	Nicaragua, Ma
Argentina, B A	123.10		123.10	Italy, Rome	101.41	5.20	2642,214	Bangledesh, D
Norway, Oslo	122,35		9,908	Netherlands A'dam	100,87	2.30	2.487	Thailand, Bang
Denmark, Cop'hagen	121.69		6.689	London	100.00	3,30	1.00	Canada, Toro
Germany, Munich	118.65		2.222	Peru.Lima	98.98	13,70	3.605	Cyprus, Nicos
Germany, Frankfurt	117.12		2.222	UAE, Dubai	98.65	1.70	5.902	Australia, Sych
Hong Kong	115.75		12.43	Spain, Madrid	98.51	5,20	193.074	Canada, Mont
Germany, Волл	115.23		2.222	USA, Washington	98.25	3.10	1.607	Maleysia, KL
Grenada, St George's	114,98		4.339	UAE, Abu Dhabi	97.98	1,70	5.902	Tunisia, Tunis
Nigeria, Lagos	113,83		35.17	Insh Republic, Dub	97.45	2.50	0.877	India, New De
Finland, Helsinki	113,39		6.833	Algeria, Algiers	96,98	35.50	73.903	Pakistan, Islan
Belgium, Brussels	113.39		45.669	Portugal, Lisbon	98.52	4.80	233.89	Mexico, Mex.
Italy, Milan	112,73		2642.214	Indonesia, Jakarta	95.82	10.00	3581.874	Hungary, Bud:
Korea, Secul	110,66		1222.16	Jamaica, Kingston	95.65		52.226	Canada, Ottov
Sweden, Stockholm	110.15		11.668	New Zealand, Well.	94.48	1.80	2.406	Phillipines, Ma
Netherlands, Hague	109.98		2.487	Chile, Santiago	93.50	8.30	603.005	USA, Houston
China, Beijing	109,98		13.348	Greece, Athens	92.73	9.90	381.128	Panama, Pan.
France, Paris	109.59		7.833	Bahrain, Manama	92.65	1.60	0.606	Costa Rica,S.
Singapore	108.82		2.234	Sri Lanka, Colombo	92.65	4.20	79.415	Egypt, Cairo
USA New York	107.63	3.10	1.607	Poland, Warsaw		33.10	3.727	Nepal, Kathma
ivory Cst. Abidian	107.23		783,288	Kenya, Nairobi	92,04	12.20	87.177	Zimbabwa, Ha
Syna, Damascus	106.32		67.042	USA Chicago	91.66	3,10	1.607	S. Africa, Jo'b
Austria, Vienna	105.11	2.60	15.625	Paraguay, Asuncion	91.65 90.68	20.80	3153.624	Venezuela, Ca
LIVORIBOURS	104 OO	2 20	45 680	JOYCAN ARTHAN	-us an	4.111	1.125	Crach Dec D

lem. It can only show a sample of the 140 cities in 127 countries covered in the PE-International Cost of Living Survey\*\*. The exchange rate is that current on June I 1995. To update the index, divide the exchange rate by the new rate and multiply the result by the table's index figure.

To help those outside London make comparisons, The Reward Group has come up with a few differentials from its latest UK Regional Cost of

Living Reporty. To calculate the difference, an allowance will need to he made for the regional variations.

The figures in sterling (shown in the smaller table, left) are the required incomes for a family of four living in a three-bedroomed semi-de-tached house which they own with a mortgage. The third column shows how much less than living in Greater London it costs in percentage terms. The international cost of liv-

ing table is drawn from PE's newly updated index of six European cost of living indices which are averaged, to minimise "home" bias. It is based on the consumption oeeds of a married couple with two school-age children. The index excludes house prices and taxation levels. A full package, inclusive of those can be obtained from PE, price £650. \*A Review of European Policy

and Practice. Price Waterhous

International Assignment Ser

E350.
\*\*PE-International, Park House, Wick Road, Egham, Sur-rey, TW20 OHW, tel 01784 476280, fax 01784 476369. †The Reward Group UK Regional Cost of Living Survey is £170, Reward Group, Reward House, Diamond Way, Stone Business Park, Stone, Stafford-shire ST15 OSD.\*\*

vices, tel 01703 330077, price

88.32 5.00 87.50 5.40

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- We ere a leading European investment bank and one of the We are committed to e sector-based approach to developing resiment banking business, particularly in originating
- mergers and ecquisitione and equity transactions We are seeking to strengthen our corporate finence sector
- teams in the chemicals, pharmaceuticals and paper and packaging sectors by adding high calibre individuals with mai businese develo Working with the head of the sector team in Corporate
- Finance and other members of the sector group eround the international network, you will be expected to trenslate industry and competitive trends into valuable advice for clients as well selesisting transaction implementation. You will be expected to create close working relationships with a wide range of companies in the industry,

Sharon Hams, Personnel Department, Deutsche Morgen Grenfell

- ccessful candidates demonstrating the necessary skills and commitment for this role will assume significant responsibility for development of business in the sector The successful candidates
- You must heve:
- An excellent academic background, possibly including an eccountancy or business school or Comprehensive knowledge of your sector from an industry
- end/or investment benking perspective A track record of garrerating and implementing M&A and
- Outstanding communication and analytical skills.

Language skills would be an advantage. You may currently be working for a sector team in another investment bank or in the comprete planning department of a

The level of remuneration and benefits package will reflect

the applicant's experience and qualifications interested candidates are requested to send comprehensive CVs to:

Deutsche Morgan Grenfell

**FUND MANAGER** 

23 Great Winchester Street, London EC2P 2AX

£35.000 + and attractive benefits package City based Fund Management company seeks a Fund Manager with a num of 4-5 years' experience. The ideal candidate will be aged 25-35, with a flexible attitude and the ability to be a good team player Please call Jane Harari on 0171 796 4615

or send your cy to her at: Quest International Dauntsey House, Frederick's Place London EC2R 8AB Fax No: 0171 796 4620



#### AJG INVESTMENT LIMITED

International Boutique, with offices in Moscow requires Sales person fluent in Russian with contacts to create a viable stock trading business. Basic annual salary of £20,000 plus bonuses.

Reply in writing to Mr R Gray. AJG Investments Ltd. Three Quays. Tower Hill , London ECJR 6DS

large group operating throughout the entirety of Zambia An attractive three year contract with normal expatriate conditions is available.

FINANCIAL TIMES FRIDAY OCTOBER 20 1995

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APPOINTMENTS

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66 Korn/Ferry Carré/Orban is committing the resources necessary to establish K/F Associates as a leading global brand. We will develop our executive selection capability and methodology such that it ranks alongside our Executive Search practice. Make no mistake. the world's number one intends to lead in this market.

ED KELLEY: President. Korn/Ferry Carré/Orban. Europe

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- Computer literate, able to work with latest industry software and communications

As an outstanding professional you owe it to yourself to find out how you could build a career with Korn/Ferry. Please forward your c.v. in the strictest confidence to: The Managing Director, ref 1234/E, K/F Associates, 252 Regent Street, London W1R 6HL, Telephone 0171 312 3120.

KORN/FERRY CARRÉ/ORBAN INTERNATIONAL





#### BANK GESELLSCHAFT BERLIN

(Ireland) plc

Bankgesellschaft Berlin (Ireland) ple is a fully licensed Bank operating in the International Financial Services Centre, Dublin, and is engaged in a wide range of international banking, treasury and corporate finance activities. The Bank is a subsidiary of Bankgesellschaft Berlin AG, a major German Banking Group with combined assets of over 260 billion Dentschmarks, a branch network of over 450 in Germany and significant operations in London and Luxembourg in addition to representative offices throughout the world. The majority shareholder of the parent Bank is the Pederal State of Berlin.

As part of the ongoing development and expansion of the business in Dublin, the Bank now proposes to recruit high calibre people to the following

#### Head of International Banking (Director Designate)

The person appointed to this senior position will report to the Managing Director and will be responsible for developing and managing the Bank's international asset portfolio comprising syndicated loans, asset backed securities, FRNs, MINs and other banking and investment products

The successful candidate will have a background in international investment banking with an international lending institution. He/she must be able to demonstrate strong credit skills and have a track record in big ticket transactions. He or she will also have a thorough knowledge of the international bond and equity markets, and have excellent contacts in the major international financial centres.

This is a key senior management post in the Bank, requiring a professional international banking executive with strong leadership, motivational and presentational skills, Ideal age e 35. (Ref. S12)

#### Lending Executive - International Banking

Reporting to the Head of International Banking, the Lending Executive will be responsible for the day to day international lending operations.

The successful candidate will be a professional banking executive with proven strong credit skills in international banking and investment, experience of all relevant financial instruments, and a particular knowledge of the international bond and equity markets. Ideal age c 30. (Ref. SIA)

#### Manager - New Issues

This is a specialised position with responsibility for managing and administering the Bank's international Bond Issues and Funding Operations. The post requires at least five years experience of bringing New Issues to the market with particular knowledge of Euro-Bonds and

The person appointed will be totally familiar with Cash Management and Securities Settlements, and have a working knowledge of the major settlement systems. He/she will be an expert in interest and yield calculations, FX transactions; safe custody agreements; securities lending and repo transactions.

This is a senior post which requires a high level of specialised technical banking knowledge and systems expertise, together with the self motivation and discipline to work to strict deadlines in a team environment Ideal age c 30 (Ref. S13)

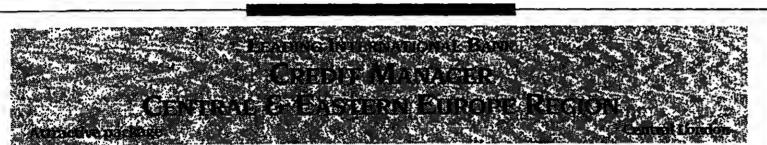
The Bank will offer a very attractive remuneration package (including substantial performance related bonus) to each of the successful candidates for the above positions, and there are excellent prospects for further career growth.

Candidates should write in confidence giving details of their experience and quoting the relevant reference to: Michael Lenaban, Director,

P.E Executive Search and Selection, 24 Fitzwilliam Place, Dublin 2.



Member of the Executive Selection Consultancies Association



This is a superb opportunity to develop a career within a leading international bank with assets of over US\$200 billion. Business in this region is developing very rapidly and covers trade finance, project finance, capital raising and correspondent banking. This has resulted in a need to recruit a credit manager to support the existing team in managing this expansion.

- Provide specialist country knowledge and credit support to regional management.
- Responsibility for credit analysis in the countries of Central and Eastern Europe focusing on governments, corporates and financial institutions.
- Management of a diverse loan portfolio.
- Play a key role in developing the bank's activities in these markets.

#### The Requirements

- Graduate calibre: language skills relevant to the region would be an advantage.
- At least 5 years' credit/analytical experience involving major corporate/ institutional entities.
- Specialised knowledge of Central and Eastern European and/or other emerging markets is essential.
- Bright, numerate, enthusiastic and motivated.

London WIR 6HL, quoting Ref. 6946/A.

Karla Dalton, Korn/Ferry Associates, 252 Regent Street,

#### K/F ASSOCIATES

KORN/FERRY CARRÉ/ORBAN INTERNATIONAL

# **Editor**-Investment Research

If you are interested in this position, please send your CV.

with current salary details to:

Kleinwort Benson Securities is part of one of Europe's most successful Investment Banks. Our research analysts perform a vital role in providing a comprehensive range of investment services to an impressive and continually expanding list of institutional clients.

A challenging position has arisen for an Editor to work in close consultation with our research analysts, assisting them in creating clear, concise investment recommendations within agreed standards of style and presentation.

You will possess a proven record of editorial skills within the financial sector, be knowledgeable of the investment research industry and be self-motivated, persuasive, yet diplomatic and well organised to meet strict deadlines. You need to demonstrate an aptitude and enthusiasm for effective written communication. Ideally, you will already possess one or more of the following qualifications;

Registered representative of the SFA; SEC Supervisory Analyst qualification and an appropriate accountancy qualification. We will however give every encouragement to the successful candidate to be trained to qualify in any of these disciplines. If you are interested in fulfilling this important function within our research department, please write to Carol Booth in Group Personnel, Kleinwort Benson

> Kleinwort Benson Securities Limited

Limited, 20 Fenchurch Street, London EC3P 3DB.



S-E-Banken Fonder, the asset management subsidiary of Skandinaviska Enskilda Banken has global funds under management in excess of US\$8 billion and offers a full spectrum of investment products for institutional and retail clients in all of the major financial markets.

The London Branch of S-E-Banken Fonder is currently seeking to appoint an ambitious investment professional to manage European equities. This person will be part of a larger European investment team. The position includes responsibility for the management of a Micropal measured Mediterranean equity fund.

Applicants should have 3-5 years experience of the Mediterranean or Continental European equity markets. They should be computer literate and have good written and oral communication skills.

A competitive salary with bonus scheme is offered together with an attractive benefits package.

Please apply in writing enclosing your CV to: Asa Barman,

SEB Fonder, Scandinavian House

2 Cannon Street, London EC4M 6XX

#### **HEAD OF PERFORMANCE MEASUREMENT**



Edinburgh

Martin Currie, an international investment management group is seeking to recruit a Head of Performance Measurement.

The successful applicant will have responsibility for the day to day running of the Performance Measurement Team which provides performance results and analysis for all Martin Currie clients and funds in the UK and overseas. The team also supports the investment, client services and marketing teams with clear and concise presentations of performance returns and attribution analyses.

Applicants should be highly numerate with at least two years experience in the industry. Knowledge of the performance measurement requirements for international equity portfolios and familiarity with appropriate systems software are pre-requisites. A high degree of initiative, an awareness of marketing requirements for statistics and the ability to input data swiftly and efficiently are vital. An understanding of the various methodologies and systems employed by performance measurement companies together with knowledge of the current industry standards for the calculation and presentation of performance statistics are essential.

Attractive package commensurate with experience.

Applications, including salary details, in strictest confidence to: Richard Fletcher or Lynn Muithead, Fletcher Jones Ltd, 10 Castle Street, Edinburgh EH2 3AT. Tel: 0131 226 5709. Fax: 0131 220 1940.



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#### VENTURE CAPITAL SPECIALIST FOR KAZAKSTAN

We are looking for a venture capital specialist to work in Kazakstan. Candidates must have a graduate degree in economics, management or finance. Preference will be given to those who can demonstrate previous experience in the venture capital field. Applicants must be citizens of a European Union nation. The job will involve travel and the successful candidate will be required to live in the capital of Kazakstan. Almaty. Knowledge of Kazak or Russian would be useful but is not essential.

Candidates should fax or post their curriculum vitae and an application letter to the address below. The curriculum vitae should include details of qualifications and work history and the application letter should include expected salary and when you will be available.

Templeton is an international fund management company with research and sales offices in Britain, France, Italy, Germany, Russia, the United States, Hong Kong, Singapore, Canada, Australia, Vietnam, India, South Africa and Argentina.

Mr Angus Barclay: Templeton Investment Management (Hong Kong) Ltd.. 2 Exchange Square, Suite 908, Hong Kong. Tel: +852 2868 0807 Fax: +852 2810 8358

Templeton: Pan of the \$129 billion Franklin Templeton Group.



#### BANKWATCH'

#### **BANK ANALYSTS**

THOMSON BANKWATCH, the world's largest bank rating agency, is looking for bank analysts for THOMSON BANKWATCH-BREE, based in Cyprus. Thomson BANKWATCH specialises in research and ratings on financial institutions around the world. The Cyprus office of Thomson BankWatch-Bree focuses on research of banks throughout Eastern Europe and Russia.

THOMSON BANKWATCH is currently seeking computer-literate, experienced bank analysts who possess a mastery of written and spoken English. Extensive knowledge of banking and credit analysis is essential. The position, which will be based in Cyprus, requires travel, regular contact with senior officers of Eastern European and Russian banks, preparation of high quality reports for publication and the ability to meet right deadlines. Candidates must be flexible, detail-oriented and have at least five years' bank credit analysis experience.

> Please send resumé to: Lesley Singleton THOMSON BANKWATCH-BREE, PO Box 6951, 3311 Limassol, CYPRUS. Pax: 357 5 748 974.

The Top Opportunities Section appears every Wednesday. For advertising information eall: Andrew Skarzyuski on +44 0171 873 4054

3. Information Technology Manager

### SENIOR BOND SALES

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#### Our Client:

· Well established European Investment bank active in government bonds primary dealing

#### The Position:

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- Manage a 5 salesmen team and lead sales effort Develop a business and sales plon

#### The Person:

• University graduate, oged 30-35

- Experienced bond salesman with a well-developed clientele base either in the UK or in Germany or with Central Banks
- Fluent in English, French and German Entrepreneurial behaviour and proven management

The highly competitive remuneration package will be tailored to suit the right candidate. Please reply with full details to Danielle ELOUEIS.



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NatWest Ventures (NWV) is one of the largest and most successful providers of private equity across Europe delivering all forms of unquoted expansion finance for growing companies. We are now seeking to recruit a small number of high quality Executives to join our new business

The positions will involve all aspects of venture capital work, including the assessment of new business opportunities, oegotiation of new will have graduated with a good degree. Tel: 0171 495 3906. Fax: 017t 495 6983.

While no previous venture capital experience is necessary. NWV is seeking individuals probably in their mid to late 20's who have been equity investment from large buy-outs to thoroughly trained in a leading UK or US environment and are searching for a role which will provide greater challenge for their abilities. The willingness to relocate and a working knowledge of a second European

Candidates should reply by writing with a CV to Gail McManus, BMI International, candidates will have an outgoing personality and 2 South Audley Street, London W1Y 5DQ.



Olsen & Associates Ltd., is a leading developer of forecasting technology for the financial markets. Headquartered in Zurich, Switzerland, we are a research-driven company with strong links to the international academic community. Our products and services are currently in use in major financial institutions and corporations worldwide, iocluding a number of Europe's leading banks.

We provide our customers with real-time directional forecasts, timing indicators and trading models for applications ranging from trading to investment and risk management. Our main product line is currently the O&A Information System (OIS), a service offering real time, 24-hour-a-day decision support to currency traders and portfolio managers.

To support our expanding customer base we are seeking a

#### Forez Cuctomer Advicer

You will be in comact with investment professionals worldwide on a daily basis, provide active trading support, respond to customers' questions and problems, keep your clients abreast of the latest developments and provide customer training. You'll be part of a young, dynamic team, with a great deal of freedom for independent work and opportunity for advancement, and your close relationship with customers will provide a unique opportunity to affect customer satisfaction and the company's future

The successful candidate will be young, with a solid background in banking, several years' experience as a foreign exchange trader or customer dealer, and in depth knowledge at the Forex market as well as experience in optioas and derivatives trading. This position requires initiative, creativity, independence, flexibility, a welldeveloped sense of personal responsibility, strong interpersonal skills, and a professional appearance. We expect candidates to be multilingual with fluency in written and oral English.

Please send your detailed CV to:

Ms. Irene Jonsen.

Olsen & Associates AG.

Seefeldstrasse 233, CH-8008 Zurich, Switzerland.

Interviews will be conducted in London or Zurich. Workplace will be Zurich.

Olsen & Associates is an equal opportunity employer.

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REPUBLIC OF GHANA

Ministry of Finance/Controller and Accountant-General's Department

The Government of Ghana requires for immediate appointment, suitably qualified Ghanalans for the following positions:

The Government of Ghana in collaboration with the World Bank, Canadian International Development Association (CIDA), and the Overseas Development Administration (ODA) of the United Kingdom, is undertaking a comprehensive Public Financial Management Reform Programme (PFMRP) to

improve financial management in the country. The PUFMARP framework identifies component parts of the project which could be implemented the

2. FINANCE MANAGER

To improve budgetary, financial management and reporting systematical management and systematical management a

To improve accountability, control, monitoring and suditing of gove

To strengthen financial management skills and capabilities: The project will be managed by a Steering Committee. A Project Secretariat made up of Project Manager, Finance Manager, Information Tech nager, and support staff, shall be established in support the Steering Committee and to ensure project objectives and decisions of the Steering

#### QUALIFICATIONS AND EXPERIENCE

#### 1. PROJECT MANAGER

I. PROJECT MANAGER

PROJECT OBJECTIVES

Post-graduate qualification in financial management as well as computer literacy, will t

At least fifteen (15) years relevant post qualification experience

 The Project Manager who is the Head of the Project Secretariat will be responsible to the Steering Com Co-ordinate the work of the Finance Manager and Information Technology Manager and the support staff regarding Financial Systems Study, Capacity Building, review of Financial Legislation and Regulation and Development of Manuals and the Accounting System.

Liaise with Ministries, Department, Agencies (MDAs) and the Metropolitan Municipal. District Assemblies (MMDAs) and Donor Age

Ensure the effective and efficient implementation of the project.

2. FINANCE MANAGER

OUALIFICATIONS

Degree in Economics or Frazace or Business Administration specialising in Accounting and or a recog

Must be Comp

At least ten (10) years experience in public financial manage

Finance Manager will report to Project Manager and:

Collate and analyse reports on financial systems study and related subjects; Liaise with Consultants, MDAs, and MMDAs on specific aspects of the project as may be directed by the Project Ma

 Develop action/work programmes; Prepare progress reports.

3. INFORMATION TECHNOLOGY MANAGER

 Degree in Information Technology and appreciable knowledge in Financial Mana At least five (5) years post qualification experience.

DUTIES AND RESPONSIBILITIES

The Information Technology Manager will report to the Project Manager and

 Design an efficient system that will make for timely and accurate reporting of all financial data; Liaise with MDAs and MMDAs on specific aspects of the project as may be directed by the Project Mar

Ensure effective operation of the management information system;

Co-ordinate all aspects of information management technology of the project

OTHER INFORMATION DUTY STATION:

SALARY AND BENEFITS: TERMS OF APPOINTMENT:

Acces, Grama Attractive and comparable to those offered by other international institutions. An initial two (2) years contract appointment renewable for a further two (2) years.

Applications with Curriculum Vitae and copies of relevant Certificates and names, addresses and telephone numbers of three referees should be submitted not later than NOVEMBER 15, 1995 to: PROFESSOR ATO GHARTEY

THE PFMRP, CO-ORDINATOR, CONTROLLER & ACCOUNTANT-GENERAL'S DEPARTMENT PO BOX M79 ACCRA, GHANA FAX No: 233 21 668158

### United Nations Children's Fund

The United Nations Children's Fund, with Headquarters in New York and offices throughout the world, seeks qualified candidates for the following position:

#### **DIRECTOR, SUPPLY DIVISION** Duty Station: Copenhagen, Denmark (Level: D-2)

Responsible for the direction and management of UNICEF supply activities worldwide ensuring cost effective provision of supplies and equipment to UNICEF assisted programmes and projects in all countries where UNICEF is working. Establish policies for the management of supply and logistics for UNICEF globally. Establish policies and procedures relating to the purchase and delivery of supplies and equipment in accordance with UNICEF Financial Regulations and Rules. Ensure that these policies and procedures are followed by reviewing all audit reports of offices and divisions in UNICEF and from time to time examination of local purchase and logistics activities. Manage financial and accounting actions in respect of all supply activities to ensure efficient use of funds and compliance with UNICEF Financial Regulations and Rules. Manage effectively and efficiently the human resources of Supply Division to ensure optimum utilization by the provision of appropriate leadership, direction, guidance and motivation (over 170 staff members, 70 contracted waverlouse workers).

(over 170 staff members, 70 contracted warehouse workers).

Minimum Qualifications; Advanced university degree in business management, specialization in purchasing or financial management would be an advantage. 15-20 years of progressive responsibility in management with specialization in supply activities with a major government or international commercial organization. Fluency in English and French. Good managerial, negotiating and communicating skills required. Knowledge and serior level experience in manufacturing, production and human resource management. Proven ability to conceptualize, plan and execute ideas as well as transfer knowledge and skills. Knowledge of computer systems and applications. UNICEF, as part of the United Nations common system, offers competitive international salaries, benefits and allowances. Please send detailed resure, in English, quording reference number D-2 to: Reconstruent and Placement Section (SEQ, UNICEF, 3 UN Plaza (H-5F), New York, NY 10017, USA.

Applications for this position must be previously by 3 November 1995

Applications for this position must be received by <u>3 November 1995</u>. Admowledgement will be sent only to shortlisted candidates.

UNICEF is a smoke-free environment
NOTE: Applications by female candidates are especially welcome

# Research Manager

The world's leading media research and consulting firm, Frank N. Magid. Associates, is expanding its London office. We are seeking an acknowledged expert to manage and continue to develop our research department. Our growing worldwide client base requires the finest in research design and execution, and we require your expertise to enhance our already sophisticaed consumer research. Minimum qualifications for this newly created manager of research position

are an advanced degree, Ph.D. in psychology, social science or statistical field or an MBA in international business preferred; a proven reputation as an innovator in behavioural, attitudinal, perceptual or psychological research design, strong desire to move your laboratory concepts into commercial application; experience maintaining P.& L and budgeting for a large division of a company, a history of managing a staff, and extensive experience in survey design. Five years of experience in research, broadcast management telecommunications of a related field in an international company is a plus, as well as fluency in German, Spanish, Mandarin or

Please respond in confidence including your curriculum vitae, three references and the most recently published writing to: Amy Jo Remer, Corporate Recruiter.

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#### **ACCOUNTANCY APPOINTMENTS**

#### **GROUP TREASURER**

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Our client is an expanding, UK owned, industrial public company operating in over 30 countries. The company has an annual turnover of £1 billion and an impressive record of profit growth. Following a very successful major acquisition during 1994, the Group is now preparing to take the next step in its expansive growth strategy.

Reporting to the Group Finance Director and based in London, you will create the strong Treasury function that is needed to support a business that is growing internationally both organically and by acquisition.

### Boyden

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With offices in more than

You will probably be a graduate qualified accountant and ACT in your early 30s on a career fast track, with at least two years' experience in a significant Treasury appointment of B well managed international organisation. The search is for a resourceful, creative, enthusiastic, determined self starter - someone who would be stimulated by the informal, fast moving, open style business environment.

Please write to us in strict confidence, stating age and current earnings quoting

# REVISORE INTERNO

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With operations in 40 countries spanning Europe, America and Asia this manufacturing group has established market leadership in its core business areas. They are pioneers in their field. The development of leading edge technologies combined with focused, innovative business practices has contributed to dramatic organic and

Based near London, the European audit team is young, multi-cultural and commercial. As a key member of this

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Competitive Salary +

**Benefits** 

team and working closely with all levels of management, you will review operational and financial aspects of the activities in Europe with a clear focus on **Italy (Florence, Milan and Turin)**. Trouble-shooting, systems development and special project work such as analysing business and technical accounting issues will be important aspects of this role. The successful candidate will therefore be: A qualified accountant or equivalent with at least 3 years auditing experience.

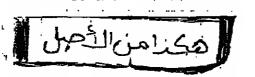
Relisting the prospect of a multi-cultural role with approximately 40% International travel. This represents a unique opportunity to positively impact upon the efficiency and profitability of the European business, using a consultative approach which will add value. Career prospects are excellent both in the U.K.

interested applicants should write in confidence, stating current remuneration to Robert Macmillan, quoting reference number 2147 at Nicholson International, (Search and Selection), Bracton House, 34-36 High Holborn, London WCIV 6AS. Alternatively fax your details on 0171 404 8128 or call on 0171 404 5501 for an initial discussion

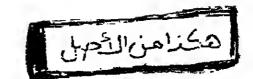
Fluent in English and Italian

NICHOLSON INTERNATIONAL

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# Finance Director

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#### Havant

 Since flotation in 1992, Kenwood has expanded substantially both through organic growth and acquisition and is now an international manufacturing, sales and marketing group with turnover in excess of £190m of which over 75% is in overseas markets.

■ This opportunity has arisen as a result of the appointment of the existing Finance Director to the role of Managing Director. The role will encompass both strategic and operational responsibility for the review and development of businesses within the group, including extensive involvement with the integration of the recent or future acquisitions

As a key member of the management team you will bring strong financial and commercial ability to the role, and as importantly, provide effective leadership to both the finance and IT lunctions within the group.

#### c.£85-90k + benefits

 Candidates will be qualified accountants. probably in the age range 35-45 who currently hold a senior financial position and can demonstrate drive and achievement within an international manufacturing environment. Key skills sought are demonstrable staff management, responsibility for IT, and also ideally exposure to city institutions.

The salary will be supported by share options. bonus, car eic. and, if appropriate, relocation

 Please outline your suitability for the appointment and send a curriculum vitae including current remuneration nd quoting reference CA679 In Carrie Andrews at Ernst & Young Management Resourcing, Rolls House, 7 Rolls Buildings, Fetter Lane, London EC4A 1NH.

**ERNST & YOUNG** 



THE SECURITIES AND FUTURES **AUTHORITY** 

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To £35K + benefits

When you're part of an organisation that has close links with 1,400 others, you have a rare insight into the way that they all operate. Not least, when that organisation is SFA, you are closer than all of them to emerging policy.

You're going to be a high-profile link between the Counterparty Risk Requirement rules and the companies who need to follow them. Advising firms and advisors on how the rules apply to them, you'll give valuable guidance

You'll also assist in the development of policy on credit risk and counterparty matters, research and write papers, consider the impact of changes to accounting practice and assist in assessment of Adequate Credit Management Policy applications.

From your background in accountancy, law or banking, you'll have gained an excellent understanding of credit risk. You'll also be confident and diplomatic enough to elicir sensitive information, and you should be computer literate.

You'll oot only enjoy the profile you want, but there's an attractive remuneration package and the chance to influence the development of the regulatory framework in this complex field.

Please write with full career details, stating your current salary package, to Lisa Boorh, Personnel Officer, The Securioes and Futures Authority, Cottons Ceotre, Cottons Lane, London SEI 2QB. Confidential fax no: 0171-357 7993.

The closing date for applications is 1st November 1995.

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#### West London

c. £45,000 + Car + Significant Benefits

Our client is the world leading provider of an increasingly sophisticated range of specialized services to steel producers, in 18 countries and part of a US multi-million dollar diversified manufacturing and servicing business. The company is poised for further growth and is strengthening its corporate management team by the appointment of an international Tax Monager, following

The role is to provide strategic guidance and recommendations, to minimise tax exposure and to ensure that ongoing operations. new Investments organisation structures and financing instruments are implemented in the most tax effective manner, in addition there will be involvement in treasury matters and liaison with external financial institutions, plus responsibility for international tax research and planning, developing tax strategies and implementing reorganisation/recapitalisation where appropriate, The reporting line is direct to the US Tax Department and is functional into Corporate Finance/Treasury within the business

The successful condidate will have the initialligence to conceptualise and implement with a capacity to interpret and guide an international tax issues and their implications on a US corporation (and vice-versa). A graduate ACA with 5+ years of corporate tax exposure from one of the big 6 and/or a large multinational corporation. Fluency in another European language would be useful. Technical skills will be high and the ability to establish a base of excellence that US Tax and Treasury

If you can motch this brief, please submit your CV, quoting reference UKPS6895 to; The Director

#### FEDERAL RESOURCES EUROPE

Parmenter House, Tower Road, Winchester, Hampshire SO23 8TD

UK . NETHERLANDS . GERMANY . FRANCE

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Opportunity for an Experienced Accountant 12 Month Contract

Central London To \$30,000

monagement can call upon will be important.

HIM Customs and Excise has been highly successful in deploying experienced accountants to provide essential support in their involvement with major businesses.

\*An opportunity has now arisen to join the London Central collection in a challenging role demanding the use of commercial and interpersonal skills.

Your experience in industry and Accounting qualifications (WFCA, AFCIMA, AFCCA) are required to help obtain a genuine understanding of company structures and financial and management reporting. Furthermore your commercial knowledge will be required to identify key issues and areas where assurance of taxes for which the Department is responsible may be obtained. It will be necessary to build excellent working relationships with the VAT assurance officers and the companies you work with

Our main objective is to recruit a mature and expenenced accountant who is of a high calibre. A good knowledge of accounting principles and some exposure to VAT and Tax issues are highly desirable. In addition, exposure to the construction, property and retailing sectors could be an advantage.

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Interested individuals should forward a comprehensive CV to Alan Hine ACA at Robert Walters Associates. 25 Bedford Street, London, WC2E 9HP. Fax: 0171-915 8714. Internet: commerce@rwz.co.uk



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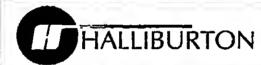
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#### Regional Controller



#### **Regional Project Finance Manager**

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The Regional Controller is part of a small professional and highly motivated learn responsible for the co-ordination and subsequent financial reporting and consolidation of the regional Information, comprising 14 multi country operations.

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Please furward your details to Keith Tracy, Heathfield Hargreaves Ltd., 5th Floor, Pearl Assurance House, 4 Temple Row, Birmingham, B2 5HG. Telephone: +44 (0)121 233 3727 or Fax +44 (0)121 233 1017. HEATHFIELD HARGREAVES

# development process within the group and consequently demands a candidate of the highest professional quality. Of paramount importance will

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Applications are invited from graduate ACAs aged 27-35, who can demonstrate relevant post-professional experience, sound technical ability and staff management exposure. The role will require extensive international travel, exceptional interpersonal skills and a second European language.

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Our client is a major international manufacturing group with substantial overseas operations. It has expanded considerably over the last decade on a worldwide basis achieving continued profitable growth.

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Candidates who should be aged 28-32, will ideally have an Accounting qualification and should have completed or be studying for the Associate or Membership examinations of the Association of Corporate Treasurers.

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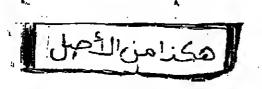
 to have several years successful experience in an operational business environment be able to demonstrate a good grasp of modern business systems have a proven record of effective team management

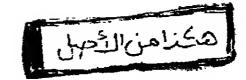
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#### **COMMODITIES AND AGRICULTURE**

# building smelter in China

By Robert Gibbens in Montreal

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some Counties

Alcan Aluminium considering huilding a 200,000-240,000-tonnes-a-year smelter in Shanxi Province in central

Its associate is the China National Non-ferrous Metals Industry Corporation (CNNC). a state agency.

A coal-fired power station with a capacity of 250MW would be built nearby and analysts estimated that the capital

cost of the two projects would be around the US\$1bn mark. Alcan said that it was developing a project plan with its associate on which talks with government bodies and potential partners would be based. A full feasibility study would fol-

CNNC controls 65 per cent of China's non-ferrous metals output through 150 suhsidiaries employing 1m people, said Alcan. In the aluminium sector it owns all China's alumina

(aluminium oxide) capacity and 60 per cent of its ingot

Before the second world war, Alcan owned part of a Shanghai aluminium rolling mill. In 1986 it joined CNNC in a joint venture making extrusion and building products. It has been shipping ingot to China for many years.

Its Japanese affiliate Nippon Light Metal has explored business opportunities in China with CNNC.

### Demand from can makers 'to fall'

By Kenneth Gooding, Mining Correspondent

Demand for aluminium from manufacturers of beverage cans - accounting for about 20 per cent of total demand for the metal - will fall in the next five years after a decade of substantial growth, according to the CRU International consultancy organisation.

Aluminium can stock demand in the combined markets of the US, Japan and Europe has been rising at an annual average rate of 4.5 per

But the metal's old adversary, tinplate, is resurgent in Europe and the PET (polyethylene terephthalate) beverage container is gaining widespread consumer acceptance

and is poised to gain market share in hoth the US and Europe, CRU suggests.

While there will be dramatic growth in emerging markets -CRU predicts by the year 2,000 consumption of aluminium can stock in Brazil will quadruple to an annual 300,000 tonnes and consumption in China will triple to 400,000 tonnes - this will not be enough to compensate for the fall in the three hig

CRU sees aluminium ingot prices rising by about 40 per cent from the 1995 level against a rise of 15 per cent for tinplate, while PET resin will fall by 15 per cent, it suggests: "Can stock producers will have to trim their margins because they cannot risk a wholesale shift away from the aluminium

can. This is because the can stock market accounts for 3.4m tonnes of aluminium consumption world wide." A further redoubling of efforts to make aluminium cans lighter, to alleviata the impact of higher metal costs, must also he

CRU indicates that can stock producers in the US would be vulnerable if the US dollar strengthened more than expected as they would lose many of their important export markets and might even become the target of European and Japanese exporters.

Prices and competition in the short and medium terms, £7,750 from CRU, 31 Mount Pleasant London WC1X 0AD.

# Tate and Lyle in Vietnam sugar venture

By Jeremy Grant in Hanoi

Tate and Lyle, the British sugar company, said yesterday it had signed a \$71.5m joint venture contract with a Vietnamese company to grow and refine sugar-cane for sale to

the Vietnamese market. The joint venture would initially plant 15,000 hectares of seed cane at a site in Nghe Anh province 250km south of Hanoi, rising to 30,000 hectares later, said Mr Peter Eatherley, managing director of Tate and

investments. Eventual annual ontput of raw and refined

sugar would be 85,000 tonnes. The venture would require an investment licence from the Vietnamese authorities before it could go ahead.

Hanoi has heen trying to attract foreign investment into its sugar sector as a way of reducing dependence on imports, put at 160,000 tonnes in the first eight months of this year, compared with an earlier, government-set quota of

Lyle's international sugar 140,000 tonnes for the whole year. Demand from Vietnamese soft drinks, dairy and confectionery companies is soar-

> Tate and Lyle is the fourth foreign company to decide to invest in Vietnamese sugar this year and it is considering further projects in Vietnam, Mr Eatherley said. France's Sucrerie de Bourbon, India's Nagarjuna and a consortium of Taiwanese companies have invested a total of \$178m in the

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■ WHEAT LCE (£ per tonne)

# Alcan Aluminium considers Irish farmers find strength in numbers

Geoff Tansey on the continuing growth of the country's agricultural co-operatives

armers the world over are noted for their individualism; and the Irish are no exception. But in Ireland that individualism is tempered with an appreciation of the value of strength in

numbers. Many Irish farmers both produce milk and, through membership of co-operatives, own the companies that process and sell dairy and other farm. And their horizons are widening. At the end of August the 5,600 members of the Waterford Foods co-op took control of the The Cheese Company in the UK, bringing the combined annual turnover to more than

This is the latest manifestation of a trend that began in the mid-1960s as the Republic of Ireland prepared to join the European Community, says Mr Grieg Tierney, Secretary of the Irish Co-operative Organisa-

co-ops accounted for about 80 per cent of the milk purchased in Ireland, and the ICO was proposing that that number should he greatly reduced. The idea met with considerable opposition at first, but by 1993 the number of co-ops had fallen to 35.

Five major co-ops dominated the south of the country, which is the key area, says Mr Tierney. "By the mid-1980s, some co-operatives' manage-ments felt restricted to the scale of development hy not having access to relatively cheap funding." One, Kerry, established a wholly-owned subsidiary, registered as a pub-lic limited company. Rather than sell shares, it expanded its hase, which hrought the overall co-op shareholding down to 85 per cent of the total. Quotation on the unlisted securities market

to capital on the market. At the same time, "existing members of the co-op, all executives and employees were offered the chance to invest in the PLC at attractive rates", says Mr Tierney. To everyone's

began to give the co-op access

farmers' section of the PLC was grossly oversubscribed even though it had been hard to get farmers to invest in the co-op before that. Subsequent share placings let the farmers' controlling interest fall below

great surprise, he says, the the smallest in dairy terms. the ICO, "it is paying perhaps are controlled by the co-op following its purchase of the Donut Corporation of America, a catering and food ingredients 75 per cent and the company

having expanded in other areas such as food ingredients - is nearest the lower limit. Now. he says, 57 per cent of shares

up to 5 per cent more for milk than co-ops with PLCs in their structure".

Farmers servad hy co-ops operating through PLCs need to take a broader view than the litre price for milk, believes Mr Patten. Dairy Gold farmers

The Food Board is considerthat goes right hack to the farm. The major multiple buy-ers now want assurance at the farm gate with animal welfare

and husbandry, traceability and hygiene being central issues, says Mr Duffy. He wants to capture as much added value for the Irish economy as possible.
"We cannot base our food processing industry on a cheap raw material policy which

doesn't give a reasonable return to farmers," said Agri-culture Minister Mr 1van Yates, in an interview earlier this summer. He also said that the £66m set aside for the Food Board was "the largest amount of money ever for the promo-tion of Irish food abroad". The push to develop the food

and farming sector recognises its importance to the whole national economy. After all, says Mr Duffy, "Great Britain had an industrial revolution, we didn't. For an industrial base in Ireland, food and agri-

culture is key". This appears to underlie a cohesiveness ahout the Irish approach to farming and food. The major thing in our sector is a consensus amongst farmers, husiness, government that Ireland's food industry must grow to compete and our market lies outside our sbores,'

says Mr Patten. Other factors beyond the sec tor itself, in particular the exchange rate, will affect even the best laid of plans, says Mr Con Lncey, chief economist at the Irish Farmers' Association. Sterling is the dominant factor influencing the Irish pound and be hopes that Britain will decide to put sterling into a single European currency, otherwise Ireland would probably have to stay out with the ster

Overall, though, he says, "the biggest support we've had very hig husinesses that have



Irish dairy farmers have grouped into fewer and larger co-operatives following EU accession

was listed on the Duhlin and

London stock markets. Other co-ops - Waterford and Avonmore dairies and IWAS (a wholesale operation) followed sint. One, Golden Vale, became a PLC with no intermediary. However, every member of the co-op became a member of Golden Vale Food Products as did the PLC, each with one vote, so ensuring

farmer control.

Control is the crucial issue for co-op members, says Mr Tierney. When the PLC subsidiaries were established, each co-op amended its rules to retain a majority stake in the equity. Control could not be given up without the approval of two special general meetings, each with a 75 per cent majority in favour of change. At present, the Kerry co-op -

company, for \$450m - rather more than the I£120m (\$1.6m) Waterford paid for the Cheese Company.

hont 68 per cent of Waterford PLC is still owned hy the co-op, says Mr Michael Patten, Waterford's corporate affairs manager. Waterford hought the cheese company to enhance its ability to contend with increasing concentration in the retail sector, to achieve benefits of scale and to gain direct access to the market to which 80 per cent of its production is

exported. Not every large co-op has gone for PLC status. Dairy Gold was formed from the merger of two co-operatives that opposed the stock market route. Now, says Mr Tierney of

biggest outlet for Irish food and agricultural products and within that the UK alone accounts for about a third of exports, says Mr Michaei Duffy, chief executive of the Irish Food Board, which was

set up at the end of 1994 to

promote Irish Food and Drink

"get all their profit via the

price for milk", he says, but "if

Waterford farmers get a bit

less for milk - we are trying to hold margins high" then they

get added value back through

The European Union is the

dividends.

In February, the government announced a LE640m National Food Development Plan for investment in the development of food, drink and agri-husiness. This aims to increase overall gross output from If9hn

JOTTER PAD

in Ireland has been the co-ops, originally very small but now moved into pigmeat and beef processing too.

#### COMMODITIES PRICES

1632-34

BASE METALS LONDON METAL EXCHANGE (Prices from Amalgamated Metal Tracting) ALUMBRUM, 89.7 PURITY (\$ per tonne)

Previous	1631-32	1667-68
High/low	1637/1622	1673/1858
AM Official	1625-26	1662-63
Kerb clase		1671-2
Open int.	211,153	
Total pally turnover	55,580	
M ALUMINIUM ALI	OY & per tonn	e)
Close	1385-95	1425-30
Prévious	1395-405	1435-45
High/low	1385/1370	1425/1410
AM Official	1380-85	1415-25
Kerb close		1430-40
Open int.	3.060	
Total daily turnover	2.057	
E LEAD (S per tonn		
	648-50	649-49.5
Close	651-65	650-51
Previous	631-55	650/642
High/low	636-36	641-42
AM Official	030-34	647-8
Kerb close Open int-	32,710	047-0
Total daily tumover	7.809	
NICKEL (\$ per lo		
Close	7870-80	7995-805
Previous	7780-90	7905-10
High/low		6100/7830
AM Official	7815-20	7940-45
Kerb close		8060-70
Open Int.	44,678	
Total daily tumover	10,717	
TIN (5 per tonne)		
Clase	6105-15	6175-80
Previous	6120-25	6185-90
High/low	6145/6065	6210/6150
AM Official	<b>e</b> 120-25	6175-80
Kerb close		6280-90
Open Int.	18.750	
Total daily turnover	3,117	
ZINC, special hig	th grade 😘 per	
Close	964,5-65.5	988-89
Previous	962-63	966-87
High/low	964	989/984
AM Official	962.5-63	985.5-86.0 986-7
Kerb close		200-7
Open Int.	81,003	
Total daily turnover	14,979	
COPPER, grade	A (\$ per tonne)	
Cicse	2745-50	2681-82

PRECIOUS METALS LONDON BULLION MARKET (Prices supplied by N M Rothschild) £ equiv SFr equiv Gold(Troy oz) S price Close 382.10-382.4

Open int. Total daily turnové

III LME AM Official E/\$ rate: 1.5723

HIGH GRADE COPPER (COMEX)

Spot: 1.5695-3 mithe: 1.5662-6 mither: 1.5624-9 mither: 1.5682

128.10 +6.90 128.10 123.10 487 981 128.10 +6.90 128.10 123.10 487 983 128.55 +5.15 126.65 121.50 126.80 128.22 128.27 +3.30 123.75 121.80 16 576

383.40 243.924 443.325 381.75 242.983 440.949 s High 383,50-383,90 s Low 380,60-381,00 sous close 383,90-384,00 Loco Ldn Moun Gold Lending Rates (Vs USS)

Silver Fix Spot 594.85 540.25 3 months 6 months 545.65 567.15 357.65 Gold Coins

\$ price 383-386 392-35-394.80

Precious Metals continued

■ GOI	D COM	EX (100	Troy o	2.; \$/m	oy dz.)	
	Sett	Day's			Vol	Open
Oct	381.9	change -1.9	381.9	381.6	26	244
Dec	363.8	-2.1	386.1	362.6	10.210	
feb	365.8	2.7	387.6	385.0	2.659	24,653
Apr	388.2	-22	390.4	388.0	4.599	9.877
Jum	390.8	-22	392.1	390.5	4.780	10.689
April	393.3	-22	-	_	42	2,870
Yotal					23,853	183,076
■ PLA	TINUM	NYMEX	(50 Tr	oy oz.	S/troy o	YZ.)
Dct	411.2	-35	4125	412.5	37	487
Jon	410.2	-3.5	413.5	407.5	2,184	20,856
Apr	410.5	-35	4120	409.0	174	1,556
Jul	411.7	-3.5	4120	411.0	276	1,612
Oct	411.9	-3.5	_	•	110	128
Total					•	24,837
PAL	TVDION	NYME	X (100	Troy o	\$/tro	y 02.)
Dec	136.60			136.00	195	4,924
Mar.	138.20		139,50	138.50	135	1,018
Jun	139.55	-1.65	_	_	50	125
Total					380	6,065
SIL	VER CO	MEX (5,0	000 Tro	y oc.; (	Cents/ti	Oy OZ.
Oct	529.7	-3.0	530.0	525.5	200	210
Dec	533.2	-3.3	537.0	527.D	8,445	62,081
Jen	534.9	-33				26
Mar	539.8	-3.4	542.0	533.0	592	14,109 8,773
Мжу	543.8 547.6	-3.5 -3.8	543.8 550.0	540.0 550.0	217	8.470
Jizi Total	347.0	-50	330.0		103.880	9,500
I DEAL						- June
FNF	RGY					
E CRI	JDE OIL	NYME)	(42.00	00 US d	nelis. S/	berrefi
			. ,,	- 00		_
	Latest price	Day's change	Helf	Low	Vol	Open
tiov	1734	-0.27	17.61	17.33	23,412	33,463
Dec	17.12	-0.19	17.31		30,316	93,811
Jan	17.00	-0.17	17,17	17.00	9,691	49,389
Fob	16.97	-0.13	17.10	16.97	4,044	21,661
Mar	18.54	-0.12	17.00	16.93	2,292	17,537
Apr	16.93	-0.09	18.97	1B, 93	_ 530	13,246
Total					75,294	<b>74</b> 718
E CHI	DE OIL	IPE (\$A	рептей)			

	Latest	Day's				Option	
	price	change	fligh	/ Alex	Aor	legt.	
tiov	1734	-0.27	17.61	17.33	23,412	33,463	
Dec	17,12	-0.19	17.31			93,811	
Jan	17.00	-0.17	17,17	17.00	1988		
Fab	16.97	-0.13	17.10	16.97		21,661	
Mar	16.54	0.12	17.00	16.93	2,292		
Apr	16.93	-0.03	18.97	1B, 93	530		
Total					75,284	342,718	
E CR	UDE OIL	IPE (S	berrel)				
	Latest	Day's				Open	
	pries	change	High	Low	Vot	int	
Dec	15.90	-0.15	18.05	15.90	18.930	69,640	
Jee	15.80	-0.15	15.94	15.80	8.591		
Feb	15.77	-0.10	15.85	15.77	3,954		
Mor	15.76	-0.01	15.76	15.76	1,777		
Apr	15.71	-	15.71	15.71	501	3,410	
May	15.66	-0.01	15.66	15.66	-	1,625	
Total					31,338	139,574	
W HE	ATTING O	EL NYME	X (42,00	IO US gai	b.; c/LS	genita.)	
	Latest	Day's				Open	
	pries	change	High	Low	Vol	int	
Nov	48.15	-0.27	48.75	48.05	9,421	34,431	
Dec	48.60	-0.33	48.95	48.50		42,092	
Jan	49.05	-0.35	49.40	49.00		34,565	
Feb	49.05	-0.25	49.30	49,05			
Mar	48 35	-0 15	48.55	48.35	1,233	7,036	
						6 Ter	
Apr	47.35	-0.15	47.50	47.35	1,181	3,755	
Apr Total	47.35	-0.75	47.50		1,181 1 <b>58,41</b> 0		
Total	47.35 S O&L IPE						
Total	S OIL IPE	(\$/tom/				30,899	
Total			)				
Tistal EF GA	S Oil PE Sett price	(\$/torne Day's change	)		158,410	Open int	
Total  III GA	S Oil PE Sett price 146.75	(\$/torne Day's change	High 147,50	Low	158 <sub>7</sub> ¢10	30,899 Open int 36.122	
Total  III GA	Sett. price 145.75 147.25	Day's change -0.75	i) Filipia	1.eur 146.50	Vol 5,573 4,795	30,899 Open int 36.122	
Total  III GA	S Oil PE Sett price 146.75	Osy's change -0.75	High 147.50 147.50	148.50 146.75	Vol 5,573 4,795	30,899 Open int 36.122 21,774	
Total  GA  Heye  Dog  Jam	S OIL IPE Sett price 146.75 147.25 147.50	Day's change -0.75 -0.50	High 147.50 147.50 148.00	148.50 146.75 147.00 147.25	Vol 5,573 4,795 2,897	Open int 36.122 21,774 21,181	
Tistal  III GA  Nev  Dos  Jan  Teb	S Oil. PE Set! price 146.75 147.25 147.50	0s/torns change -0.75 -0.50 -0.75	147.50 148.00 148.25	148.50 146.75 147.00 147.25 147.25	Vol 5,573 4,795 2,897 687	Open int 36.122 21,774 21,181 8,159	
Tistal  III GA  Higw Dos Jam Tab Higs	S Oil. IPE Sett. price 146.75 147.25 147.50 147.50	0s/torns change -0.75 -0.50 -0.75 -0.75	147.50 147.50 147.50 148.00 148.25 148.00	148.50 146.75 147.00 147.25 147.25	158,410 5,573 4,795 2,897 687 453	Open int 36.122 21,774 21,181 8,159 3,559 1,422	
Total  III GA  New Constant Fob  Silver Aper Total	S Off. IPE Sett price 146.75 147.25 147.50 147.50 146.50	0x/s dauge -0.75 -0.50 -0.75 -0.75 -1.25	147.50 147.50 148.00 148.25 148.00 147.50	148.50 146.75 147.00 147.25 147.25 146.50	%d 5,573 4,795 2,897 453 41 14,312	Open int 36,122 21,774 21,181 8,153 3,559 1,422 96,511	
Total  III GA  New Constant Fob  Silver Aper Total	S Off. PE Sett. price 146.75 147.25 147.50 147.50 146.50 TURAL 6	Day's change -0.75 -0.50 -0.75 -0.75 -1.25	147.50 147.50 148.00 148.25 148.00 147.50	148.50 146.75 147.00 147.25 147.25 146.50	%d 5,573 4,795 2,897 453 41 14,312	Open int. 36,122 21,774 8,153 3,559 1,422 96,611 mBp.)	
Total  III GA  New Constant Fob  Silver Aper Total	S Oži. Pře Sati přes 146.75 147.25 147.50 147.50 146.50 TURAL G	Day's change -0.750.50 -0.75 -1.25 AS 1976	147.50 147.50 148.00 148.25 148.00 147.50	148.50 146.75 147.05 147.25 147.25 147.25 146.50	Vol 5,573 4,795 2,897 687 453 41 14,312 Ma.; S/m;	Open int. 36,122 21,774 21,178 8,159 3,559 11,422 96,011 mBpu)	
Tital  III GA  May Dos Jam Fob  Mor Apr Total  III NA	S Oil PE Sett price 146.75 147.25 147.50 147.50 146.50 TURAL 6	0 S/tornel  Day's change -0.75 -0.75 -0.75 -1.25  AS 1976  Change change	147.50 147.50 147.50 148.25 148.25 148.25 147.50 AEX (10.)	148.50 146.75 147.00 147.25 147.25 147.25 146.50	Yel 5,573 4,795 2,897 453 41 14,312 Ha; Sing	30,899 Open int 36,122 21,774 21,181 8,153 3,559 1,422 98,511 Open int	
May GA May Dos Jam Feb Mac Apr Total M NA	S Oil. PE Sett price 146.75 147.25 147.50 147.50 146.50 TURAL 6 Latest price 1.712	0 S/100001 0 Day's changer -0.75 -0.75 -0.75 -1.25 AS 1970 Oby's changer -0.015	147.50 147.50 148.25 148.25 148.20 147.50 147.50	Love 146.50 146.75 147.00 147.25 147.25 146.50 000 mms	Yel 5,573 4,795 2,897 453 41 14,312 Yel	Open int 36.122 21,774 21,181 8,159 3,559 1,422 98,611 open int 18,672	
High GA High G	S Off. PF Set. price 146.75 147.50 147.50 147.50 146.50 TURAL 6 Latest price 1.712 1.782	S/tours! Day's change -0.75 -0.75 -0.75 -1.25  AS 16/1 Day's change -0.015 -0.020	High 147.50 147.50 148.00 148.25 148.00 147.50 High 1.727 1.802	146.50 146.75 147.00 147.25 147.25 146.50 000 mm8	Vol 5,573 4,795 4,795 453 41 14,312 Mar; Shari 11,748 5,242	Open int. 36,122 21,774 21,181 8,159 1,422 96,811 mEta.) Open int. 18,672 27,841	
Tital  III GA  Hay Dos  Jan  Rob  Mor  Apr  Total  III NA  Her  Dos  Jan	S Oil PF Sett price 146.75 147.25 147.50 147.50 147.50 146.50 TURAL 6 Lalest price 1.712 1.782	0.975 -0.75 -0.50 -0.75 -1.25 AS With Day's change -0.015 -0.020 -0.076	High 147.50 147.50 148.25 148.00 147.50 LEX (10.3 High 1.727 1.802 1.859	148.50 146.75 147.00 147.25 147.25 146.50 000 mms 1.895 1.785 1.823	Well 5,573 4,795 2,897 453 41 14,312 Max; Simil 11,748 5,242 3,371	Open int 36,122 21,774 21,181 8,159 1,422 98,511 mBin.) Open int 18,672 27,841 23,784	
How Doc Jan Feb	S CAL PE Sett price 146.75 147.50 147.50 147.50 146.50 TURAL G Laiset price 1.712 1.782 1.782	9/toursi change -0.75 -0.75 -0.75 -1.25 AS 16/h Day's change -0.015 -0.020 -0.070	147.50 147.50 148.25 148.00 148.25 147.50 147.50 15X (10.3 15X (10.3 1.802 1.805 1.805	148.50 146.75 147.00 147.25 147.25 147.25 146.50 003 mms 1.895 1.765 1.823 1.780	% 15,573 4,795 2,897 687 431 14,312 11,749 5,242 3,271 1,857	Open int 36.122 21,781 8,159 3,559 1,422 98,511 mBiu.) Open int 18,672 27,841 23,784 13,352	
Tichi  III GA  May Dog Jam Pak  Mar Apr Total  Jil NA  Hev Dac Jan  Anh	S Off. PE Sett price 146.75 147.25 147.50 147.50 146.50 TURAL 6 Latest price 1.712 1.836 1.791 1.750	0sy's change -0.75 -0.75 -0.75 -1.25 AS 160 Day's change -0.015 -0.000 -0.000 -0.000 -0.000	High 147.50 147.50 148.20 148.00 147.50 16X (10.3 16X (10.3 1.727 1.802 1.805 1.756	148.50 146.75 147.25 147.25 147.25 148.50 003 mms 1.895 1.785 1.823 1.780 1.740	Vol 5,573 4,795 453 41 14,312 Vol 11,748 5,2371 1,657 1,379	Open int 36.123 (1.181 6.153 3.559 1.422 98,611 mBit.) Open int 18.672 27.841 23.762 6.089	
How Dog Lam Rob Mar Total III N.A. Her Dog Lam Rob Mar Total III N.A. Her Dog Lam Rob Mar Apr	S Off. PE Sett price 146.75 147.25 147.50 147.50 146.50 TURAL 6 Latest price 1.712 1.836 1.791 1.750	9/toursi change -0.75 -0.75 -0.75 -1.25 AS 16/h Day's change -0.015 -0.020 -0.070	147.50 147.50 148.25 148.00 148.25 147.50 147.50 15X (10.3 15X (10.3 1.802 1.805 1.805	Leve 1.895 1.785 1.780 1.585 1.780 1.585	Vol 5,573 4,795 2,897 453 41 14,312 Val 5,242 3,377 1,579 722	Open int 36,124 21,174 21,181 8,159 3,559 1,422 96,611 mBm.) Open int 18,672 27,841 23,784 13,362 6,036	
Here GA Here G	S CAL PE Sett prices 146.75 147.25 147.50 147.50 147.50 146.50 TURAL G Ladost prices 1.712 1.782 1.791 1.750 1.695	0s/tonnel 0sy's cleange -0.75 -0.50 -0.75 -1.25 -0.76 -1.25 -0.020 -0.015 -0.020 -0.016 -0.009 -0.009	High 147.50 147.50 148.00 148.25 148.00 147.50 MSX (10.3 MSX (10.3 1.802 1.805 1.756 1.756 1.756	Leve 1.895 1.785 1.780 1.585 1.780 1.585	Vol 5,573 4,795 453 41 14,312 Vol 11,748 5,2371 1,657 1,379	Open int 36,124 21,174 21,181 8,159 3,559 1,422 96,611 mBm.) Open int 18,672 27,841 23,784 13,362 6,036	
Hey Dog Jam Total May Dog Jam Total May Dog Jam NA	S Off. PE Sett prices 146.75 147.25 147.50 147.50 146.50 TURAL 6 Labort prices 1.712 1.782 1.791 1.790 1.695	(\$70000 Only 1 O	High 147.50 148.00 148.00 148.00 147.50 147.50 147.50 1,272 1,802 1,259 1,275	Leve 1.885 1.780 1.740 1.685	Vol 5,573 4,795 2,897 453 41 14,312 Val 5,242 3,377 1,579 722	Open int 36,124 21,174 21,181 8,159 3,559 1,422 96,611 mBm.) Open int 18,672 27,841 23,784 13,362 6,036	
Hey Dog Jam Total May Dog Jam Total May Dog Jam NA	S CAL PE Sett prices 146.75 147.25 147.50 147.50 147.50 146.50 TURAL G Ladost prices 1.712 1.782 1.791 1.750 1.695	(\$70000 Only 1 O	High 147.50 148.00 148.00 148.00 147.50 147.50 147.50 1,272 1,802 1,259 1,275	Leve 1.885 1.780 1.740 1.685	Vol 5,573 4,795 2,897 453 41 14,312 Val 5,242 3,377 1,579 722	Open int 36,124 21,174 21,181 8,159 3,559 1,422 96,611 mBm.) Open int 18,672 27,841 23,784 13,362 6,036	

-0.73 49 85 49.10 -0.37 48.30 48.35 -0.35 49.00 48.70 -0.10 48.50 49.35 -0.05 49.85 49.75

8,480 20,207 1,403 8,704 338 3,362 35 2,023 112 2,985 18,680 62,338

-22 1625 1610 -17 1570 1540 -22 1570 1527 -22 1575 1540 -34 1570 1550 -30 1450 1430 **FUTURES DAYA** Wool

Australian wool was a little chasper to buy at seriler sales this week, and auction clearances were poor in Frentanile, when Wool International stockpile wool was included in the offering. However, yesterday there was more chinese demand for middle markous and prices for these series and prices. South different chinese demand for middle merkens and prices for these were usefully higher. South African merino prices also edged higher after the previous week's sharp declines. New Zeeland wee firm to dearer at two salet this week, but the British Wool Marketing Board lowered its resembles and prices for British wool at a Bredford auction declined by about 5% compared with the previous sale at the end of September. The Eastern market indicator closed on October 19 at 582 cents, compared with 596 cents at the end of last week. The New Zeeland indicator was 506, compared with 495 hat week.

SOFTS COCOA LCE (Chome +15 +14 +12 +11 ■ COCOA (ICCO) (SDR's/tonne) COFFEE LCE (\$/tonne) +18 2415 2390 1,101 7,942 +17 2365 2340 2,310 10,704 +20 2310 2252 742 5,468 +23 2253 2240 154 2,638 +20 2399 2200 – 435

Sep Total	2178	+20	2168	2168	4,313	258 27,449
<b>E</b> CO	FFEE 'C'	CSCE (	37,500	ba; cen	ts/lbs)	
Doc	125,45	+1.70	126.20	123.50	7,349	15,990
War	123,45	+1.30	124,00	122.00	1,004	8743
Hay			123.50			
34			123.00			
Sap			123.25	121.00	28	307
Dec	123.75	+1.00	-	-	10	64
Tetal					8,562	29,061
<b>CO</b>	FFEE (ICC	AUS C	ents/po	und) _		
Oct 18			Price		Prev.	day
				120.69		
Comp. d	tally					282
Comp. d						2.82 8.33
Comp. d 15 day s	tally		. 118.78		11	8.33
Comp. d 15 day :	average		. 118.78		11	8.33
Comp. d 15 day :	PREMIU	M RAV	. 118.78		(cents	(15e)
Comp. d 15 day s III No? Jan Mar	13.25 10.90	M RAV	. 118.78		(cents	(15e)
Comp. d 15 day :	PREMIU	M RAV	118.78 V SUGA	NR LCE	(cents	/fbe) 
Comp. d 15 day s III No? Jan Mar May	PREMIU 13.25 10.90 11.95	M RAV	118.78 V SUGA	NR LCE	(cents	/fbe)
Comp. d 15 day s Mer Mar May Jul Total	PREMIU 13.25 10.90 11.95	M RAV	. 118.78 Y SUGA	NR LCE	(cents	/fbe)
Comp. d 15 day s Mer Mar May Jul Total	13.25 10.90 11.95	M RAV	. 118.78 Y SUGA	NR LCE	(cents	/fbe)
Comp. of 15 day : If No? Jan Har Hay Jul Total III WH:	13.25 10.90 11.95 11.95	R LCE	118.78 Y SUGA (\$/torm	NR LCE	(cents	(8.33 (Albe) - - - -
Comp. of 15 day : If No? Jan Her Hay Jul Total II WH	13.25 10.90 11.95 11.95 11.95	R LCE	. 118.78 Y SUGA (\$/torm 349.8 329.0	AR LCE	(cents	7,898 12,946
Comp. of 15 day : If No? Jan Har Hay Jul Total III WH:	13.25 10.90 11.95 11.95 11.95 11.95	M RAV	118.78 Y SUGA (\$/torm 349.8 329.0 324.5	AR LCE	(cents	7,898 12,946
Comp. of 15 day : II No. ii Im No. ii Ii Ii Ii Ii Ii Ii Ii Ii Ii Ii Ii Ii I	13.25 10.90 11.95 11.95 11.95 11.95 11.95 11.95	M RAV	349.8 329.0 324.5 321.8	WR LCE 	111 (cents - - - - - - - - - - - - - - - - - - -	7,898 12,946 3,876
Comp. of 15 day : If No. i I No. i I No. i I With Dae May Jug Dae	13.25 10.90 11.95 11.95 11.95 11.95 11.95 11.95 11.95 11.95	# RAV	349.8 329.0 324.5 321.8 291.3	WR LCE 	11 (Cents	7,898 12,946 2,036

8 +0.128 9 +0.10 0 +0.10 6 +0.10 2 +0.11 FYCE (50 6 -0.72 0 -0.75 5 -0.15 0 -0.15 UICE N	10.60 10.45 10.42 10.42 10.0005s 14.60 84.45 84.70 84.80 79.30	10.49 10.40 10.38 10.35 82.75 82.90 83.20 78.80 75.50	1,187 445 380 481 9,188 5,937 2,503 615 527 25 216	5,087 1,306 6,166
0 +0.10 6 +0.10 2 +0.11 V/CE (50 8 -0.72 0 -0.89 5 -1.15 0 -0.75 5 -0.33 0 -0.15	10.50 10.45 10.42 10.000bs 10.42 10000bs 104.60 104	10.40 10.38 10.35 82.75 82.90 83.20 83.20 78.80 75.50	445 380 481 8,188 5,937 2,503 615 527 25 216	12,960 13,856 7,115 119,662 27,166 17,241 7,477 5,087 1,306 6,166
6 +0.10 2 +0.11 YCE (50 8 -0.72 0 -0.89 5 -1.15 0 -0.75 5 -0.33 0 -0.15	10.45 10.42 000058 04.90 84.45 84.70 84.90 76.30	10.38 10.35 62.75 82.75 82.90 83.20 78.80 75.60	360 461 9,168 108) 5,937 2,503 615 527 25 216	13,856 7,115 119,662 27,166 17,241 7,477 5,087 1,308 6,166
YCE (50 8 -0.72 0 -0.89 5 -1.15 0 -0.75 5 -0.33 0 -0.15	10.42 000fbs 04.60 84.45 84.70 84.80 79.30 76.30	10.35 62.75 82.75 82.90 83.20 83.20 78.80 75.50	461 9,168 5,937 2,503 615 527 25 216	7,115 119,682 27,166 17,241 7,477 5,087 1,308 6,166
YCE (50 8 -0.72 0 -0.89 5 -1.15 0 -0.75 5 -0.33 0 -0.15	04.60 84.45 84.70 84.90 79.30 76.30	82.75 82.90 83.20 83.20 78.80 75.50	9,168 (bs) 5,937 2,503 615 527 25 216	27,166 17,241 7,477 5,087 1,308 6,166
8 -0.72 0 -0.89 5 -1.15 0 -0.75 5 -0.33 0 -0.15	84.45 84.70 84.80 79.30	82.75 82.90 83.20 83.20 78.80 75.50	5,937 2,503 615 527 25 216	27,165 17,241 7,477 5,087 1,308 6,166
8 -0.72 0 -0.89 5 -1.15 0 -0.75 5 -0.33 0 -0.15	84.45 84.70 84.80 79.30	82.75 82.90 83.20 83.20 78.80 75.50	5,937 2,503 615 527 25 216	17,241 7,477 5,087 1,306 6,166
0 -0.89 5 -1.15 0 -0.75 5 -0.33 0 -0.15	84.45 84.70 84.80 79.30 76.30	62.90 63.20 63.20 78.80 75.50	2,503 615 527 25 216	17,241 7,477 5,087 1,306 6,166
5 -1.15 0 -0.75 5 -0.33 0 -0.15	84.90 79.30 76.30	83.20 83.20 78.80 75.50	615 527 25 216	7,477 5,087 1,308 6,166
0 -0.75 5 -0.33 0 -0.15 UNCE N	84.80 79.30 76.30	83.20 78.80 75.50	527 25 216	5,087 1,306 6,166
5 -0.33 0 -0.15 UICE N	79.30 76.30	78.80 75.50	25 216	1,306 6,166
0 -0.15 UICE N	76.30	75.50	216	6,166
NICE N				
	/CE (15		9.908	
	YCE (15			65,462
		,000tbs;	cents	/libs)
0 +0.55		11B.D0		
0 +0.85	121,95	115.95	2,510	11,477
+0.75	124,00	122,00	52	2.568
+0.55	124.10	122.00	40	1,296
0 +0.45	_	-	30	533
+0.35	127.90	126.00	5	318
			6.047	23,602
	+0.75 +0.55 +0.45	+0.75 124.00 +0.55 124.10 +0.45 -	+0.75 124,00 122,00 +0.55 124.10 122,00 +0.45	+0.75 124,00 122,00 52 +0.55 124.10 122,00 40 +0.45 30

INDICES

Oct 18 241,30

\* REUTERS (Base: 16/9/31=100)

■ CRB Putures (Base: 1967=100)

■ GSCI Spot (Base: 1970=100)

Oct 18 month ago 2088.5 2121.1

Oct 17 month ago 240.46 -

Oct 17 mo 180.01 1

MEAT AND LIVESTOCK ■ LIVE CATTLE CME (40,000/bs; cerde/lbs)

	int		price	Inguilian de	High	Low	Vol	lat.
39	23.072	Dct	86.425	+0.650	66.450	65.875	1,758	3,154
18	32,690	Dec	67,900	+0.175	67.950	67.550	4,699	29,983
31	15.289	Fela	66.875	-0.160	67.050	66.650	1,302	15,068
50	4,348	Apr	87.150	+D.050	67.175	66.575	901	8.823
6	21,134	Jun	63,200	+0.125	63.275	63.000	485	3,653
24	6.061	Ang	61,850	+0.125	61.750	61,600	154	1,495
3	109,247	Total					MA	W/A
			E HOGS	CME F	10,000,01	os; cent	e/lbs)	
30	25,437	Dct	45.725	-0.875	46.450	45.575	1,379	2,842
27	21,057	Dec	45.450	-0.700	46.100	45 400	2,698	13,537
ŗ,	8,862	Føb	48_375	-0.275	48,700	48.225	624	7.611
36	3.454	April 1	47.675	-0.175	47,950	47.325	187	2,669
ıø	5,212	Jun	52.900	-	52.900	52.600	122	2,992
Ŋ	6,206	Jal	52,600	-0,075	52,675	52,400	36	1,379
Ю	71,240	Total					WA	M/A
		M PO	RK AEL	JIES CA	1E (40,0	000lbs; (	cents/ft	xs)
v.	day	Feb	62,875	-0 625	63.550	62.550	1,210	5,918
93	7.45	Mor	62,775	-0 550	63.400	62,600	83	666
		Mary	63.550	-0.600	63.800	63.450	26	201
		Jel	64.850	-0.125	64.500	63.700	50	540
			***					

LONDON TRADED OPTIONS

(99.7%) LME	Dec	Feb	Dec	Føb
1650	62	105	54	75
1700	40	82	82	100
1750 Incompany	24	62	116	129
COPPER				
(Grade A) LME	Dec	Feb	Dec	Feb
2700	84	69	70	111
2750	81	69	96	140
2600	43	53	127	172
COFFEE LCE	Jan	Mor	Jan	Mar
1600	748	713	2	12
1650	699	667	3	16
1700	<i>6</i> 50	622	4	21
E COCOA LCE	Dec	Mar	Dec	Mar
875 mm.,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	53	91	9	17
900	35	74	16	25
925	22	59	28	35
III BRENT CRUDE IPE	Nov	Dec	Nov	Dec
1550	•	52		11
1600	-	26	-	26
1650	-	9	-	59
LONDON SPO	T A	AΔR	KET:	S

■ CRUDE OIL FOB (per barrel/Dec)

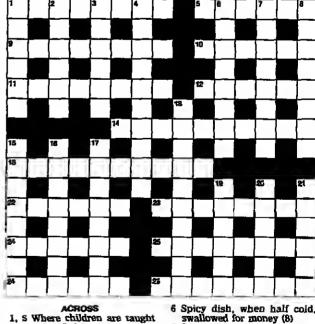
W.T.I. (1pm est)	\$17.11-7.132	
OK. PRODUCTS NV	Eprompt delivery C	XF (tonne
Premium Gasofina	\$171-172	-1
Gas Oil	<b>6148-149</b>	
Heavy Fuel Oil	\$87-29	
Nephtha	\$151-152	+2
Jet tuel	\$171-176	-0.5
Diesel	\$152-153	
Petroleum Argus, Tel. Lond CTHER	don (0171) 359 8792	
Gold (per troy oz)-	\$382.25	-1.55
Silver (per troy 02)-	533.5c	-3.0

a mesonani (bor no) beri	910440	٠.
Copper (US prod.) Lead (US prod.) Tin (Kuala Lumpur) Tin (New York)	Unq. 41.75c 15.50m 292.5c	-0.
Cattle (live weight)† Sheep (live weight)† Pige (live weight)†	125,45p 102,48p 96,87p	-0.1 +8.1 -0.1
i.on. day sugar (raw) Lon. day sugar (wie)	\$303.5 \$386.0	+1. -3.
Berley (Eng. feed) Malze (US No3 Yellow) Wheat (US Dark North)	Unq £104,0w Unq.	
Rubber (Nov)♥ Rubber (Dec)♥ Rubber (KL RSS Not)	96.60p 96.50p 365.5m	+0.5 +0.5 +2.
Coconut Oil (Phill)§ Palm Oil (Malav.)§	\$720.0u \$630.0	+5

Soyabeans (US) Cotton Outlook'A' index

#### CROSSWORD

No.8,897 Set by GRIFFIN



to get on? (8,6)

9 Man I threw out together with 10 Cargo note going missing causes scare (6)

11 Arranged open loan for exiled Frenchman (8) 12 Sitting in Japanese ancestral homes (6) 15 See 1 down 16 Confuse with a continental 14 Drive back as companion in love wanted liqueur (10)

18 District near port of Holyhead, Bury and around Leath-

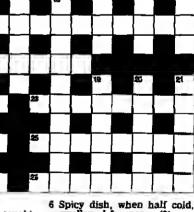
erbead (10) riots amongst lobster catch-23 Abhor hospital leaving tube

in criminal (8) 24 Beginning in France where trial is put back (6)
25 Sea unit I trained to fill in

were revolting (8) 26, 27 French drivers do this ver-sion of the top Greek hit

1, 15 Late bills may be put here until paid (6,3,5)

3 Hang around valley outside outskirts of Wakefield (6) 4 Race to join throughout the



6 Spicy dish, when half cold, swallowed for money (8) 7 Groan about mould on fabric 8, 21 Authority to draw cash

13 Something decorators use sharp but in plastic (5-5)

sink (8) 17 Recklessly determined to grab pound he loaned (8) 19 No model in a strapless top is more active! (6)

22 Caught swimmers starting 20 Band following street proces-

Solution 8,896



Turkish bank sets

#### INTERNATIONAL CAPITAL MARKETS

# Treasuries fluctuate in narrow range

By Lise Bransten in New York and Conner Middelmann in Londan

US Treasury prices swung through positive and negative territory within a narrow range yesterday morning as traders reacted to data and watched the ongoing political battle over the US budget.

Near midday, the benchmark 30-year Treasury was % higher at 107½ to yield 6.302 per cent and the two-year note was unchanged at 100%, yielding 5.662 per cent.

Bonds came off lows made in nvernight trading in Europe and Asia after housing data came in weaker than expected. The Commerce Department said housing starts slipped 0.1 per cent to 1.4m in September. But at mid-morning, the market was shaken by a large jump in the prices paid compo-

nent of the Federal Reserve Bank of Philadelphia's business outlook survey. Although the overall index of business activity slipped to 25.5 per cent in October from 26.4 per cent in September, the prices paid sub-index jumped to 30 per cent from 13.6 per cent. Mr Richard Gilhooly of Pari-

bas Capital Markets in New York said bonds regained their footing as traders concluded that the numbers were not as bad as the prices paid component implied. "It was actually fairly sanguine for bonds," be

The battle between President Clinton and Republican leaders of Congress continued to rattle the market. Bonds dipped slightly after President Clinton said he would veto the Republicans' Medicare reform plan because it would cut the pro■ German bonds ended the day slightly bigher, recouping losses caused by stronger than expected money supply data. M3 grew at a provisional 1.5 per cent annualised rate in September, up from 0.3 per cent in August and exceeding forecasts of 0.9 per cent.

#### GOVERNMENT **BONDS**

"The market took it in its stride because it's not likely to breach its 4 per cent to 6 per cent target growth range" for 1995, said Mr Huw Roberts of

NatWest Markets. However, evidence of strong bank lending and weak mone-tary capital formation should be taken as a "health warning", he said, indicating that monetary growth in 1996 could

noon, buoyed by US Treasuries and a 10 basis point cut in the Dutch central bank's special advances rate to 3.70 per cent sparked by the strength of the Dutch guilder against the D-Mark.

■ Italian bonds closed lower after a nervous session dominated once again by politics. As expected, justice minister Mr Filippo Mancuso lost a vote of no-confidence in the senate and appealed to the constitutional court against the

This has left the market sitting under a cloud of uncertainty, with dealers fearing that prolonged political wran-gling could delay the passage of the new budget law and pot renewed pressure on the lira. The December BTP future on Liffe ended down 0.19 at 101.98.

**NEW INTERNATIONAL BOND ISSUES** 

Bunds recovered in the after- BUK government bonds had a quiet session, tracking German bunds and US Treasuries higher and supported by lower than expected September M4 money supply data. The December long glit future on Liffe ended at 105m, up n

> Finnish bonds put on a strong performance, boosted by ssful auction of six-year bonds which raised a record FM2.08hn, and by prime minis-ter Paavo Lipponen's forecast that inflation next year will be only 2 per cent, against the previously projected 2.5 per

> The yield nn the 10-year benchmark bond fell by nearly 10 basis points and its yield spread over German bunds narrowed to 135 basis points from 141 points on Wednesday, a dealer said.

#### Russian bank opens subsidiary in Geneva

United Export Import Bank (Unexim) of Moscow, which claims to be among Russia's five biggest banks, has launched itself on the Geneva banking scene armed with a full banking licence from the Swiss anthorities and, as chairman of the venture, a former Swiss central bank president, Mr Pierre Languetin.

Banque Unexim (Suisse), a wholly-owned subsidiary of its Moscow parent, will focus primarily on commercial services for trading companies and raw materials suppliers, including existing clients of Unexim. The Russian bank, established only in 1993, has share capital of \$250m and total assets of over \$2.5bn.

Unexim is only the second privately-owned Russian bank tn gain a fhreign banking licence, the first being Stolichny Bank in Amsterdam. Bank regulators in the UK and the US have yet to allow any Russian banks to establish branches or subsidiaries in London nr New York.

Mr Languetin said he had accepted the chairmanship of Banque Unexim (Suisse) unly after a scrupulous and detailed investigation of the Russian application by the Federal Banking Commissinn, the Swiss regulatory antburity, which led to the granting of a

banking licence last May. Mr Vladimir Potanin, chair-man of Unexim in Moscow and vice-chairman of the Swiss snbsidiary, said Geneva had been consen for the bank's first foreign furay to take advantage of the city's banking experience and infrastruc-

The Geneva bank has 15 employees - nune of them Russian - and paid-in share capital of SFr50m. which it plans to donble early next year.

2.02 2.42 4.19 1.75

9.72 5 yrs 9.99 15 yrs 10.45 20 yrs

120.62 144.50 150.14 152.59 140.20

# benchmark with two-year facility tional rating agency, had

By Antonia Sharpe

A \$150m loan for Türkiye Garanti Bankasi, Turkey's highest rated private bank, has set a new benchmark in terms of pricing and maturity for Turkish banks wanting to tap the syndicated loans market. The trade finance facility carries a margin of 65 basis points over the London inter-

#### SYNDICATED LOANS

bank offered rate (Libor) and has a maturity of two years. This compares with the margin of 80 basis points which Tur-kiye Garanti Bankasi paid on a \$200m 364-day facility in July. According to Bank of Tokyo,

one of the arrangers, this is the 15th deal for a private Turkish bank this year but the first which has a maturity of more than one year. The other arrangers are Bank of America, ING and WestLB.

However, lenders may exercise a put option, and the borrower a call option, on the first anniversary of the loan. There is an extension fee of 25 basis points.

The longer maturity and the narrower margin on this deal bave caused some concern among bankers. "Pricing is coming down too quickly if you consider that one year ago Turkey was not even in the market. said one banker.

Last year, a severe financial and economic crisis in Turkey caused international lending to Turkey to dry np. Hnwever, signs of a recovery earlier this year have enabled Turkish borrowers to return to the internatinnal loans market.

The launch of Türkiye Garanti Bankasi's loan into gen-eral syndication earlier this week coincided with news that Standard & Poor's, the interna-

8.53 8.51 8.47 8.55

Oct 19 Oct 18 Yr. ago

affirmed Turkey's B-plus long-term foreign-currency debt rating but revised its outlook to stable from positive. S&P said the revision

reflected uncertainty about the country's economic policy following recent political instability. S&P also revised the outlonk on Türkiye Garanti Bankasi, which has a B-plus rating, to stable from positive. Bankers said the renewed question mark over Turkey's economic situation and worries about the hasty lowering of margins would be countered by the bank's good credit and the desire amnng international banks to maintain a relationship with Turkey's premier pri-

vate bank. The loan should therefore be well subscribed, in particularby German banks. WestLB is acting as the German-speaki banks co-ordinator while Bank of America is book-runner.

Senior lead managers taking \$15m or more will earn 25 basis points, lead managers taking \$10m to \$14.9m, 20 basis points. managers taking \$6m to \$9.9m. 17.5 basis points, co-managers taking \$3m to \$5.9m. 15 basis points, and participants with \$1m to \$2.9m, 12.5 basis points. Banque PSA Finance Holding a wholly-owned subsidiary of Peugeot which provides wholesale financing for Peugeot and Citroen dealers, is paying 12.5 basis points over Libor on its first euro-syndicated loan, a FFr7.5bn five-year credit facility.

There is a commitment fee of 6.25 basis points and a utilisation fee nf 2.5 basis points when usage exceeds 50 per cent. The loan is being arranged by ABN-Amro, Credit Suisse/CS First Boston, Nat-West Markets and Société Génerale. Participation fees are 5 basis points for FFr300m and 3 basis points for FFr150m.

Oct 19 Oct 18 ' Yr. ago

-- Low cotspon yield -- Medium coupon yield -- High coupon yield -- Oct 18 Vr. ago Oct 18 Vr. ago Oct 18 Vr. ago Oct 18 Vr. ago

### **Fixed-rate offering** by Hellenic Republic

By Richard Lapper

The Hellenic Republic yesterday placed Dr95bn in seven-year bonds with international investors, successfully completing its first fixed rate bond issue in recent times.

#### INTERNATIONAL BONDS

Book-ruuner Mitsubisbi Finance, joint lead with State Commercial Bank of Greece. said the deal was part of efforts to build up a yield curve for domestic bond issuance.

It is understood that Greece also has plans to issue five and possibly 10-year international drachma-denominated international boods. Some 40 per cent of yesterday's issue was placed with institutional investors in Europe, with the rest going to investors in Asia/Pacific.

The republic is rated BBBby Standard & Poor's, the credit rating agency.

France's Société Générale

Elsewhere, low interest rates and some attractive swap opportunities for Japanese issuers keen to swap into yen continue to bring Issuers to the

became the latest European bank to raise funds through a subordinated issue. The proceeds count as lower tier two capital for solvency purposes. A fixed-rate tranche of \$200m was priced at 75 basis points over the equivalent US Treasury and a floating-rate portion of \$150m at 35 basis points over

three-month Libor. Kynsbu Electric Power Co raised SFr350m in a seven-year deal carrying a coupon of 4.25 per cent and led by SBC Warburg. The issuer was said to be attracted by improved arbitrage opportunities.

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Spread	Book runner
US DOLLARS Societé Genéraletai	200	8.75	99.406	Nov.2005	0.45		Salomon Brothers
Societe Générale(b)†	150	(b)	99.815R	Nov.2005	0.45		Salomon Brothers
Banco Boeviste#	55	10.25	99.87R	Oct.1996	0.875	+480 6VI 1v)	ABN-Arres House Gover
Sallie Mae St't Ln.Tst(c)7 *	750	(2)	100.0	Apr 2004			Goldman Sachs Intl.
Sallie Mae Stt Ln.Tst(g)t *	215	(9)	100.0	Oct. 2007	-		Goldman Sachs Intl.
Mana Master Credit Cardiol	652.5	(d)	(d)	Mar.2003			Memil Lynch
O-MARKS							
OSL Finance	250	5.375	99.65R	Dec.1999	0.225A		B.de Zoele Wedd
Brazil Sovereign Credit	100	10.0	190.0R	Jan.2001	0.375R	+463 (E.115)	SBC Warburg
YEN							
Argentina Global Finance	10bn	1.12	100.1975	Ncv.1998	0,1875		Nomera Int.
WISS FRANCS Kyushu Electric Power Co.	350	4.25	103 375	Nov.2002			SEC Waturg
GREEK DRACHMAS	95bn	11.0	100.30	Nov.2002	0.30		Masubsta Fo. Int.
RISH PUNTS First National Bidg.Soc.†	75	(el	99.90R	Nov.2000	0.22R	<u> </u>	ABN Arvo Hoare Sove
LIXEMBOURN FRANCS B Rheinkind Platz Luz	2,0an	6.125	102,375	Dec.2000	1,75		Kraciettank
TALIAN LIRE Suropean Investment Bank(f)	200bn	10.25	100.094	Oct.2009	 t,75		MI Lo. 19 Magas

Syndicate managers say a decline in the credit quality of Japanese banks is one reason for the increase in swap rates between the yen and other cur-

issuers can obtain funds at Libor then swap into a yen at Libor less about 15 basis points, a spread which has risen by about 5 basis points in the last three months.

Ireland's First National Building Society issued the first punt-denominated floating-rate note, raising 1275m through an issue placed by ABN-Amro Hoare Govert.

UK Gats

Index-linked

a All stocks (12)

Up to 5 years (22) 5-15 years (21) Over 15 years (9)

Up to 5 years (1)

FT-ACTUARIES FIXED INTEREST INDICES

120.57 144.77

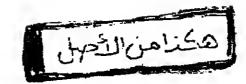
159.73

לי פרובים בים בים ליו הי פרובים בים בים

Benchmark	GOVE	RNM	NT BO	NDS				M BUND F	UTURES!	OPTIONS (	LIFFEI DIV	1250,00	0 points	of 10076		
		Red		Day's		119ek	Month	Strike		- CA	US				PUTS -	
	Coupon	Date	Price	change	Yield	ago	230	Price	Nov	Dec	Jart	Afer	Nov			Mar
Australia	7.500	07/05	94.1400	-0.250	6.39	8.59	8.78	9600	0.34	0.74	0.65	1.00	0.10	0.50		7.58
Austra	5.875	06/05	99,4800	+0.180	6.94	7.08	6.92	9650	0.10	0.48	0.46	0.78	0.36	0.74	1.32	1.64
Belgium	6.500	03/05	96,4900	+0.220	7.01	7.16	7.05	9700	0.02	0.30	0.31	0.61	0.78	1.06		1,57
Canada '	8.750	12/05	107.8500	-0.100	7.62	7.72	8.10	Est vol notal	Cells 239	08 Puts 1905	9. Previous	COY'S C	Thi near	Com Miss	17 Pas 17	9501
Denmark France BTAN	7.000 7.750	12/04	94,7000	-0.160 -0.130	7.83 6.79	7.93 6.87	7.87 8.62									
France BTAN TAN	7.750	10/05	101.6300	-0.020	7.51	7.55	7.38	Italy								
Sermany Bund	€.875	05/05	102,5300	+0.140	6.50	6.61	6.60	M NOTION	AL ITALL	IN GOVT.	BOND (B	TP) FU	TURES			
retand	6.250	10/04	88 0500	+0.200	8.18	8.28	8.19	(UFFE)*	∟ira 200m	100ths of	100%					
iaty	10.500	04/05	94,1300		11.53†	11,47	11.23		Opers	Saft race	Change	- 4	iah	Low	Est. Vol	Osen in
lapan No 129	600	C3.700	120.3130	+0.211	1.48	1.57	1.85	-			Creating		•			
No 174	4.600	09.0	113.0270	+0.158	2.78	2.74	2.97	Dec	101.98	102.17		100	2.28	101.80	36263	42948
Vetherlands	7 000	06/05	102.5900	-0.070	6.56	6.68	6.62	Mar		101.81	•				a	695
Portugal	11.875	02.05	103.7500	+0.240	11.18	11.25	11.17	III ITALIAN	GOVT. B	OND (STP)	FUTURE	S OPTI	ONS (LI	FFE) Lina	100m 100m	hs of 1009
pan	1C.000	02/05	95.2300	+0.130	10.80	10.98	10.68	~ 1 -			118				PITS -	
weden	6.000	02/05	80.4190	+0.004	9.22	9.40	9.63	Strive				_		~	MIS -	1/
JK Gilts	8.000	12/00	101-30	+3/32	7.53	7.67	7.44	Price		Dec	M			Dec		Mæ
	8.500	12/05	102-27	+5/32	8.08	8.15	7.91	10200		25	2.2			1.08		2.39
	9 000	10/08	106-13	+5/32	8.19	8.25	7.99	10250		1.00	1.9			1.33		2.86
IS Treasury "	8.500	02/05	10325	-3/32	5.98	6.08	6.22	10300		1.79	1.7	_		1.62.		2.95
	6.875	09/25	107-17	+1/32	6.31	6.42	6.58	Est. vol. total.	Casts 2461	Purs 8768.	Previous d	ph,2 obe	n nt C	39764	Pas 41011	
CU (French Govt)	7.500	04:05	95 4800	+0 140	7.72	7.81	7.61									
ematern classing, "New Yor						ocal mari	ert stendard	Spain								
Gross ancluding weekle			cort payable i	Di LINAGO				- NOTION	LI SPANI	SH ROAD	FITTINGS	MEL				
nces, US, UK in 32nds,	geners in de	OMA			Sour	DE. WING	AUGUSTANIONAL STREET	_ 11011014	~ ~ ~	ATT DOTTO	- OI ONL	o hawring				
									Open	Sett price	Change	e Hi	igh	Low	Est vol.	Open in
JS INTEREST	RATE	5						Dec	89.15	89.27	+0.18	96	.38	89.06	48,037	33,554
									QQ. 1 Q			•		00.00		
								Mar	_	22 42			_	_		
atest				Bits and	Bond Yie	kts		Mar	-	88.68	-		-	-	-	8
atest	. 0	छ तावाची .		5.35 Tw	0 year		5.70	UK			-		-	-	-	8
atest	84 11	. OPTOFA DE		5.35 Tw 5.43 Th	o year		5.70 5.75	-	- N. UK GE		- ES (UFFE)	° 250,0	- 00 32nd	- ts of 1009	•	8
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atest  inne rate	8-in 1: 7-i2 11: 5-i.i. Si	o morth ree morth north e year		5.35 Tw 5.43 Th 5.42 Fe 5.55 10	o year e year year		5.70 5.75 5.04 5.99 6.32	Dec Mer III LONG G	Open 105-12 104-28 LT FUTUR Nov	Sett prices 105-25 105-07 RES OPTIC	Change +0-06 +0-06 XNS (LIFFI LLS	105 104 E) 250.0	gh -27 -28 200 641	Low 105-10 104-28 s et 1009 Dec	Est. vol 44537 10 FUTS — Jen	Open Int. 102552 348 Mar
atest  inne rate	8-in 1: 7-i2 11: 5-i.i. Si	o morth ree morth north e year		5.35 Tw 5.43 Th 5.42 Fe 5.55 10	o year e year year		5.70 5.75 5.94 5.99 6.32	Dec Mer III LONG GI Strike Price	Open 105-12 104-28 LT FUTU Nov 0-59	Sett prices 105-25 105-07 RES OPTIC CAL Dec 1-34	Change +0-06 +0-06 DNS (LIFFI LLS	105 104 E) 250.0 Mar 2-05	27 -28 -20 641 Nov 0-09	Low 105-10 104-28 as of 1009 Dec 0-48	Est. vol 44537 10 FUTS — Jen 1-18	Open Int. 102552 348 Mar 1-55
	8-in 1: 7-i2 11: 5-i.i. Si	o morth ree morth north e year		5.35 Tw 5.43 Th 5.42 Fe 5.55 10	o year e year year		5.70 - 5.75 - 5.04 5.99 6.32	Dec Mar III LONG GI Strike Price 105	Open 105-12 104-28 LT FUTUR Nov 0-59 0-79	Sett prices 105-25 105-07 RES OPTIC CAL Dec 1-34 0-62	Change +0-06 +0-06 2NS (LIFFI LLS) 	105 104 E) 250.0 Mar 2-05 1-38	9h -27 -28 -20 64sh Nov 0-09 0-33	Low 105-10 104-28 as of 1009 Dec 0-48 1-12	Est. voi 44537 10 5 FUTS — Jen 1-18 1-52	Open Int. 102552 348 Mar 1-55 2-24
atest  inne rate	8-in 1: 7-i2 11: 5-i.i. Si	o morth ree morth north e year		5.35 Tw 5.43 Th 5.42 Fe 5.55 10	o year e year year		5.70 - 5.75 - 5.09 5.32	Dec Meur III LONG GI Strike Price   105 106 107	Open 105-12 104-28 LT FUTUR Nov 0-59 0-79 0-04	Sett prices 105-25 105-07 RES OPTIC  Dec 1-34 0-82 0-35	Change +0-06 +0-06 0H8 (LIFFI LLS) 	105 104 E) 250.0 Mar 2-05 1-38 1-13	9h -27 -28 -200 64th Nov 0-09 0-33 1-18	Dec 0-48 1-12 1-49	Est. voi 44537 10 FUTS — Jer: 1-18 1-52 2-29	Open Int 102552 348 Mar 1-55
atest  The rate  Toker from rate  ed hunds  ed hunds at intervention	8-in 1: 7-i2 11: 5-i.i. Si	o morth ree morth north e year		5.35 Tw 5.43 Th 5.42 Fe 5.55 10	o year e year year		- 5.70 5.04 5.99 6.32	Dec Mar III LONG GI Strike Price 105	Open 105-12 104-28 LT FUTUR Nov 0-59 0-79 0-04	Sett prices 105-25 105-07 RES OPTIC  Dec 1-34 0-82 0-35	Change +0-06 +0-06 0H8 (LIFFI LLS) 	105 104 E) 250.0 Mar 2-05 1-38 1-13	9h -27 -28 -200 64th Nov 0-09 0-33 1-18	Dec 0-48 1-12 1-49	Est. voi 44537 10 FUTS — Jer: 1-18 1-52 2-29	Open Int. 102552 348 Mar 1-55 2-24
atest  where rate  where the man rate  eth hands at infervention  BOND FUTUR  France	84 h 72 h 5il S 6	The month	Tions	5.35 Tw 5.43 Th 5.42 Rw 5.55 10 5.60 30	o year e year year		- 5.70 - 5.75 - 5.04 5.99 6.32	Dec Mar III LONG GI Strike Price 105 106 107 Est vol. rotos.	Open 105-12 104-28 LT FUTUR Nov 0-59 0-79 0-04	Sett prices 105-25 105-07 RES OPTIC  Dec 1-34 0-82 0-35	Change +0-06 +0-06 0H8 (LIFFI LLS) 	105 104 E) 250.0 Mar 2-05 1-38 1-13	9h -27 -28 -200 64th Nov 0-09 0-33 1-18	Dec 0-48 1-12 1-49	Est. voi 44537 10 FUTS — Jer: 1-18 1-52 2-29	Open Int. 102552 348 Mar 1-55 2-24
atest  where rate  where the man rate  eth hands at infervention  BOND FUTUR  France	84 h 72 h 5il S 6	The month	Tions	5.35 Tw 5.43 Th 5.42 Rw 5.55 10 5.60 30	o year e year year		5.70 5.75 5.99 6.32	Dec Meur III LONG GI Strike Price   105 106 107	Open 105-12 104-28 LT FUTUR Nov 0-59 0-79 0-04	Sett prices 105-25 105-07 RES OPTIC  Dec 1-34 0-82 0-35	Change +0-06 +0-06 0H8 (LIFFI LLS) 	105 104 E) 250.0 Mar 2-05 1-38 1-13	9h -27 -28 -200 64th Nov 0-09 0-33 1-18	Dec 0-48 1-12 1-49	Est. voi 44537 10 FUTS — Jer: 1-18 1-52 2-29	Open Int. 102552 348 Mar 1-55 2-24
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atest  time rate  trour ban rate  et hands a intervention.  SOND FUTUR  France I NOTIONAL FRENC	ES AN	ID OP	TIONS S (MATIF) FI	5.35 Tw 5.43 Th 5.43 Th 5.55 19 5.60 30	o year	L vol.	5.75 5.99 5.99 5.32	Dec Mar III LONG GI Strike Price 105 106 107 Est vol. rotos.	Open 105-12 104-28 LT FUTUR Nov 0-59 0-19 0-04 Calle 3314	Set prices 105-25 105-07 REES OPTIC CAI Dec 1-34 0-42 0-35 Pure 1946.	Change +0-06 +0-06 0HS (LIFF) Jan 1-32 1-02 0-43 Previous da	105 104 E) £50.0 Mar 2-05 1-38 1-13 ay's open	9h -27 -28 -200 64th Nov 0-09 0-33 1-18 n Int. Ca	Dec 0-48 1-12 1-49 149 149 149 149 149 149 149 149 149 1	Est. vol. 44537 10 10 10 10 10 10 10 10 10 10 10 10 10	Open Int 102552 348 Mar 1-55 2-24 2-63
atest  Interests	ES AR  Sett pres 115.40	ID OP	TIONS S (MATIF) FI	5.35 Tw 5.43 Th 5.43 10 5.60 30 Fr500,000 Low	o year	L vol.	5,75 	Dec Mer III LONG GI Strike Price 105 107 Est vol rotal III ECU BOI	Open 105-12 104-28 LT FUTUR Nov 0-59 0-19 0-04 Cells 3314	Set price 105-25 105-27 RES OPTIC Dec 1-34 D-42 0-35 Pute 1946. RES (MATIE	Change +0-06 +0-06 HS (UFF) Jan 1-32 1-02 -0-43 Previous de	105 104 E) £50.0 Mar 2-05 1-38 1-13 ay's open	9h -27 -28 -200 64th Nov 0-09 0-33 1-18 n Int Ca	Lew 105-10 104-28 is of 1009 Dec 0-48 1-12 1-49 de 39044 f	Est. vol. 44537 10 10 10 1-18 1-52 2-29 2-445 13248	Open Int. 102552 348 Mer 1-55 2-24 2-63
atest  Interests	84 1 17 7 12 17 5 1	ID OP  FUTURE  Cham  -0.0  -0.0	TIONS S (MATIF) FI 115.54 114.98	5.35 Tw 5.43 Th 5.42 Ph 5.55 10 5.60 30 Fr500,000 Low 1 114.2	o year	L vol. 8,245 ,028	5,75 5,99 8,32 Open int. 0,799	Dec Mar III LONG GI Strike Price 105 106 107 Est vol rotes.	Open 105-12 104-28 LT FUTUR Nov 0-59 0-19 0-04 Calle 3314	Set prices 105-25 105-07 REES OPTIC CAI Dec 1-34 0-42 0-35 Pure 1946.	Change +0-06 +0-06 0HS (LIFF) Jan 1-32 1-02 0-43 Previous da	105 104 E) £50.0 Mar 2-05 1-38 1-13 ay's open	9h -27 -28 -200 64th Nov 0-09 0-33 1-18 n Int. Ca	Dec 0-48 1-12 1-49 149 149 149 149 149 149 149 149 149 1	Est. vol. 44537 10 10 10 10 10 10 10 10 10 10 10 10 10	Open Int. 102552 348 Mar 1-55 2-24
atest  Interests  Interests  Interests  Interests  Interventor  Interv	## BOND Sett pne 115.40 114.88 115.00	ID OP  FUTURE  Cham  -0.0  -0.0	TIONS  S (MATIF) FI 115.54 114.98 115.02	5.35 Tw 5.43 Th 5.42 Ph 5.55 10 5.60 30 Fr500,000 Low 1 115,2	o year	L vol.	5,75 	Dec Mer III LONG GI Strike Price 105 107 Est vol rotal III ECU BOI	Open 105-12 104-28 LT FUTUR Nov 0-59 0-19 0-04 Cells 3314	Set price 105-25 105-27 RES OPTIC Dec 1-34 D-42 0-35 Pute 1946. RES (MATIE	Change +0-06 +0-06 HS (UFF) Jan 1-32 1-02 -0-43 Previous de	105 104 E) £50.0 Mar 2-05 1-38 1-13 ay's open	9h -27 -28 -200 64th Nov 0-09 0-33 1-18 n Int Ca	Lew 105-10 104-28 is of 1009 Dec 0-48 1-12 1-49 de 39044 f	Est. vol. 44537 10 10 10 1-18 1-52 2-29 2-445 13248	Open Int. 102552 348 Mer 1-55 2-24 2-63
atest  Interests	## BOND Sett pne 115.40 114.88 115.00	ID OP  FUTURE  Cham  -0.0  -0.0	TIONS  S (MATIF) FI 115.54 114.98 115.02	5.35 Tw 5.43 Th 5.42 Ph 5.55 10 5.60 30 Fr500,000 Low 1 114.2	o year	L vol. 8,245 ,028	5,75 5,99 8,32 Open int. 0,799	Dec Mer III LONG GI Strike Price 105 107 Est vol rotal III ECU BOI	Open 105-12 104-28 LT FUTUR Nov 0-59 0-19 0-04 Cells 3314	Set price 105-25 105-27 RES OPTIC Dec 1-34 D-42 0-35 Pute 1946. RES (MATIE	Change +0-06 +0-06 HS (UFF) Jan 1-32 1-02 -0-43 Previous de	105 104 E) £50.0 Mar 2-05 1-38 1-13 ay's open	9h -27 -28 -200 64th Nov 0-09 0-33 1-18 n Int Ca	Lew 105-10 104-28 is of 1009 Dec 0-48 1-12 1-49 de 39044 f	Est. vol. 44537 10 10 10 1-18 1-52 2-29 2-445 13248	Open Int 102552 348 Mer 1-55 2-24 2-63
atest  Interests  Interests  Interests  Interests  Interests  Interventor  Interven	ES AN  Sett pre  115.00  NICH BOND	ID OP FUTURE Chan -0.0 -0.0 D IPTIO	TIONS  S (MATIF) FI 115.54 114.98 115.02	5.35 Tw 5.43 Th 5.42 Ph 5.55 10 5.60 30 Fr500,000 Low 1 114.2	7 Es	t. vol. 8,245 ,028 146	5,75 5,99 8,32 Open int. 0,799	Dec Mar III LONG GE Strike Price 105 106 107 Est vol. rotal.	Open 105-12 104-28 LT FUTUR Nov 0-59 0-19 0-04 Cells 3314	Set price 105-25 105-27 RES OPTIC Dec 1-34 D-42 0-35 Pute 1946. RES (MATIE	Change +0-06 +0-06 HS (UFF) Jan 1-32 1-02 -0-43 Previous de	105 104 E) £50.0 Mar 2-05 1-38 1-13 ay's open	9h -27 -28 -200 64th Nov 0-09 0-33 1-18 n Int Ca	Low 105-10 104-28 as of 1009 Dec 0-48 1-12 1-49 de 39044 f	Est. vol. 44537 10 10 10 1-18 1-52 2-29 2-445 13248	Open Int. 102552 348 Mer 1-55 2-24 2-63
atest  white rate	ES AN  Sett prec  115.40  114.88  115.40  NICH BONN  CH B	PUTURE Change Ch	TIONS  S (MATIF) FI 115.54 114.98 115.02 NS (MATIF)	5.55 Tm 5.42 Tm 5.55 10 5.60 30 Fr500.000 Low 1 115.2 1 114.3	year	L vol. 8,245 ,028 146	5,75 5,99 5,99 6,32 Open int. 94,951 4,799 1,544	Dec Mer III LONG GI Strike Price 105 107 Est vol. rotal. Ecu	Open 105-12 104-28 LT FUTUR 0-59 0-79 0-04 Calle 3314 ND FUTUR	Set price 105-25 105-27 RES OPTRC  105-07 RES OPTRC  1-34 De2 0-35 Puts 1946.  RES (MATH	Charge +0-06 +0-06 PNS (LIFF) LJan 1-32 1-02 0-43 Previous de 7 ECU100 Charge +0.10	105 104 E) £50.6 Mar 2-05 1-38 1-13 39/8 open	9h -27 -28 -28 -200 64th Nov 0-09 0-33 1-18 n ks_ Ca	Dec 0-48 1-12 1-49 38 39044 6	Est. vol. 44537 10	Open Int. 102552 348 Mer 1-55 2-24 2-63
atest  Interests	ES AN  Sett prec  115.40  114.88  115.40  NICH BONN  CH B	ID OP FUTURE Chan -0.0 -0.0 D IPTIO	TIONS  S (MATIF) FI 115.54 114.98 115.02	5.55 Tw 5.43 Ta 5.42 Ta 5.55 10 5.60 30 Fr500,000 Low 115.2 114.3 114.5	year	t. vol. 8,245 ,028 146	5,75 5,99 8,32 Open int. 0,799	Dec Mar III LONG GE Strike Price 105 106 107 Est vol. rotal.	Open 105-12 104-28 LT FUTUR 0-59 0-79 0-04 Calle 3314 ND FUTUR	Set price 105-25 105-27 RES OPTRC  105-07 RES OPTRC  1-34 De2 0-35 Puts 1946.  RES (MATH	Charge +0-06 +0-06 PNS (LIFF) LJan 1-32 1-02 0-43 Previous de 7 ECU100 Charge +0.10	105 104 E) £50.6 Mar 2-05 1-38 1-13 39/8 open	9h -27 -28 -28 -200 64th Nov 0-09 0-33 1-18 n ks_ Ca	Dec 0-48 1-12 1-49 38 39044 6	Est. vol. 44537 10	Open Int. 102552 348 Mer 1-55 2-24 2-63
atest  Interests  Interests  Interests  Interests  Interventor  Interv	## BOND  Set pre  115.00  NGH BON  C/	ID OP FUTURE Cham -0.0 -0.0 D IPTIO	TIONS  5 (MATIF) FI 115.02 114.98 1 114.98 1 115.02 NS (MATIF)	5.43 Th 5.43 Th 5.42 Fb 5.55 10 5.60 30 Fr500,000 Low 1 114.3 1 114.3 Nov 0.05	7 Est 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	L vol. 8,245 ,028 146	5,75 5,99 5,99 6,32 Open int. 94,951 4,799 1,544	Dec Mer III LONG GI Strike Price 105 107 Est vol. rotal. Ecu	Open 105-12 104-28 LT FUTUR 0-59 0-79 0-04 Callo 3314 ND FUTUR Open 86.62	Set price 105-25 105-27 RES OPTRC  105-07 RES OPTRC  1-34 De2 0-35 Puts 1946.  RES (MATH	Charge +0-06 +0-06 PNS (LIFF) LJan 1-32 1-02 0-43 Previous de 7 ECU100 Charge +0.10	105 104 El E50.0 Mar 2-05 1-38 1-13 ay's open	9h -27 -28 -28 -200 64th Nov 0-09 0-33 1-18 n ks_ Ca	Dec 0-48 1-12 1-49 38 39044 6	Est. vol. 44537 10	Open Int. 102552 348 Mer 1-55 2-24 2-63 Open int. 9,317
atest  Interests	ES AN  Sett prec  115.40  114.88  115.40  NICH BONN  CO	FUTURE Cham -0.0 -0.0 D IPTIO	TIONS  S (MATIF) FI 115.54 114.98 115.02 NS (MATIF)	5.35 Tm 5.42 Tm 5.55 10 5.60 30 Fr500.000 Low 1 115.2 1 114.2 1 114.2 0.05 0.20	year	L vol. 8,245 ,028 146	5,75 5,99 5,99 6,32 Open int. 94,951 4,799 1,544	Dec Mar III LONG GI Strike Price 105 107 Est vol. rotal.	Open 105-12 104-28 LT FUTUR 0-59 0-79 0-04 Calls 3314 ND FUTUR Open 86.62	Set price 105-25 105-27 105-07 RES OPTIC	Change +0-06 +0-06 ONS (LIFF) LLS	105 104 E) E50.0 Mar 2-05 1-38 1-13 2/8 open 1,000 1,000 1,000	9h -27 -28 -200 64th 	Low 105-10 104-28 s of 1009 Dec 0-48 1-12 1-49 de 39044 s	Est. vol. 44537 10 44537 10 44537 10 487 1-18 1-18 1-2-29 445 15526 1552	Open Int. 102552 348  Mer 1-55 2-24 2-63  Open int. 9,317
atest  Interests	## BOND Sett pre- 115.40 114.88 115.00 NICH BON  C/ 2 2 2 2	FUTURE Change Change -0.0 -0.0 D IPTIO	TIONS  S (MATIF) FI 115.54 114.98 115.09 NS (MATIF)  Mar  1.41 1.00	5.43 Th 5.43 Th 5.42 Fb 5.55 10 5.60 30 Fr500,000 Low 1 114.3 1 114.3 Nov 0.05	7 Est 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	L vol. 8,245 ,028 146	5,75 5,99 5,99 6,32 Open int. 94,951 4,799 1,544	Dec Mer LONG GE Strike Price 105 107 Est vol rotes. ECU SOI Dec US TREA	Open 105-12 104-28 LT FUTUL Nov 0-59 0-99 0-04 Cells 3314 Open 86.62	Sett price 105-25 105-25 105-27 105-20 106-21 108-2 10-82 10	Change +0-06 +0-06 -0-06 -0-06 -0-06 -0-06 -0-06 -0-06 -0-06 -0-06 -0-06 -0-06 -0-06 -0-06 -0-06 -0-06 -0-06 -0-06 -0-06 -0-06	105 104 E) £50.0 Mar 2-05 1-38 1-13 9/4 open 3,000 1 117	9h -27 -28 -28 -200 64th -0.09 0-33 1-18 n ks Ca	Low 105-10 104-28 as of 1009 Dec 0-48 1-12 1-49 as 39044 f	Est. vol. 44537 10 44537 10 45 1-18 1-18 1-52 2-39 545 15528 591 591 591 591 591 591 591 591 591 591	Open Int 102552 348 Mer 1-55 2-24 2-63 Open int 9,317
attest  Interests	## BOND Sett pne 115.00 NGH BONN CJ	FUTURE  Cham  -0.0  DIPTIO  LLS  -10  588  -27	TIONS  S (MATIF) FI  115.02  NS (MATIF)  Mar  1.41  1.00  0.65	5.35 Tm 5.42 Tm 5.55 10 5.60 30 Fr500.000 Low 1 115.2 1 114.2 1 114.2 0.05 0.20	7 Est 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	L vol. 8,245 ,028 146	5,75 5,99 5,99 6,32 Open int. 94,951 4,799 1,544	Dec Mer BLONG GE Strike Price 105 106 107 Est vol rotal ECU BOIL Dec Mar US TREA	Open 105-12 104-28 LT FUTUR 0-59 0-59 0-04 Cells 3314 10 FUTUR Open 86.62 SURY 8C	Sett price 105-25 105-07 RES OPTIK Dec 1-SA Dec	Change +0-06 +0-06 ONS (LIFF) LLS	105 104 E) £50.0 Mar 2-05 1-38 1-13 3,000 He 86	9h -27 -28 -200 64th -100 64th -100 64th -100 64th -100 64th -100 64th -100 64th -100 64th -100 64th -100 64th	Low 105-10 104-28 5 of 1009 Dec 0-48 1-12 1-49 36 39044 f Be. 56	Est. vol. 44537 10	Open Int. 102952 348 Mar 1-55 2-24 2-63 Open Int. 9,317
atest  Interests	ES AN  Sett prec  115.40  114.88  115.40  NCH BOND  C/	FUTURE Cham -0.0 -0.0 D IPTIO LLS -10 158	TIONS  S (MATIF) FI 115.54 114.98 115.02 NS (MATIF)  Mar 1.41 1.00 0.65 0.41	5.35 Tm 5.43 Tm 5.43 Tm 5.42 Fm 5.55 10 5.60 30 5.60 30 Low 115.2 114.3	9 year	L vol. 8,245 ,028 146	Open int. 94,951 4,799 1,544	Dec Mer LONG GE Strike Price 105 107 Est vol rotes. ECU SOI Dec US TREA	Open 105-12 104-28 LT FUTUL Nov 0-59 0-99 0-04 Cells 3314 Open 86.62	Sett price 105-25 105-25 105-27 105-20 106-21 108-2 10-82 10	Change +0-06 +0-06 -0-06 -0-06 -0-06 -0-06 -0-06 -0-06 -0-06 -0-06 -0-06 -0-06 -0-06 -0-06 -0-06 -0-06 -0-06 -0-06 -0-06 -0-06	105 104 E) £50.0 Mar 2-05 1-38 1-13 3,000 He 86	9h -27 -28 -200 64th -100 64th -100 64th -100 64th -100 64th -100 64th -100 64th -100 64th -100 64th -100 64th	Low 105-10 104-28 as of 1009 Dec 0-48 1-12 1-49 as 39044 f	Est. vol. 44537 10 44537 10 45 1-18 1-18 1-52 2-39 545 15528 591 591 591 591 591 591 591 591 591 591	Open Int. 102552 348 Mer 1-55 2-24 2-63 Open int. 9,317
atest  Interests	ES AN  Sett prec  115.40  114.88  115.40  NCH BOND  C/	FUTURE Cham -0.0 -0.0 D IPTIO LLS -10 158	TIONS  S (MATIF) FI 115.54 114.98 115.02 NS (MATIF)  Mar 1.41 1.00 0.65 0.41	5.35 Tm 5.43 Tm 5.43 Tm 5.42 Fm 5.55 10 5.60 30 5.60 30 Low 115.2 114.3	9 year	L vol. 8,245 ,028 146	Open int. 94,951 4,799 1,544	Dec Mer BLONG GE Strike Price 105 106 107 Est vol rotal ECU BOIL Dec Mar US TREA	Open 105-12 104-28 LT FUTUR 0-59 0-59 0-04 Cells 3314 10 FUTUR Open 86.62 SURY 8C	Sett price 105-25 105-07 RES OPTIK Dec 1-SA Dec	Change +0-06 +0-06 -0-06 -0-06 -0-06 -0-06 -0-06 -0-06 -0-06 -0-06 -0-06 -0-06 -0-06 -0-06 -0-06 -0-06 -0-06 -0-06 -0-06 -0-06	105 104 E) £50.0 Mar 2-05 1-38 1-13 3,000 He 86	9h -27 -28 -200 64th -100 64th -100 64th -100 64th -100 64th -100 64th -100 64th -100 64th -100 64th -100 64th	Low 105-10 104-28 5 of 1009 Dec 0-48 1-12 1-49 36 39044 f Be. 56	Est. vol. 44537 10	Open Int. 102952 348 Mar 1-55 2-24 2-63 Open Int. 9,317
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ns 13pc 200		18.74	7.56	1216	+10	123/2	117	7 % pc 2012-15#		8.21	6.27	9733	44		6313									
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								Each 12pc 2013-17		8.38 8.98	8.29	10443	+12	11045		A Do			A NI	821	1130		1167	100
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e to Pilteen		786	7.52	10127		100.7	90.9									Bot Cap 19			8.65	_	104		1044	1
8pc 2000‡‡ . 10pc 2001		9.10	7.86	10133	3	1033 1111	98 <sub>18</sub> 10433									13pc '97-2	-		11.73	-	111	_	111%	1
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14pc 3002		8.89	7.85	1096	4/2	1115	10393	Consols 4pc		8.49		-		40.19	457	Leeks 131 <sub>200</sub> ;			10.34	-	1307		133/2	120
foe 2003## _		7.98	7.93	1001,	+16	1023	945	Was Loan 312pctt _		8.33	-	471		494	454	Liverpool 34 <sub>23</sub> LCC 3pc '29 A			10.51 10.81	-	27	_	3412	27
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						13 Yrago High' Low					Oct 18	Oct 17	Oct 18	Oct	13	Oct	12
Govt. Secs. (UK) Flued Interest for 1995, Government to and Fixed Interest	111,20 11 Secures his	1.09 1 on since	מלקיזוסכ	111,2	7 111. 7 43 19.7		5-day	lged ba everage or compl	3		88.8 88.4 21/1/94 , lo	96.6 86.8 # 50.53 (9/1/75)	88.3 85.3 Base 100	67. 62. Govern	4	80 81 curticu	
FT/ISMA IN	TERNAT	10N/	IL BO	OND	SE	WCE											
listed are the latest into	emetionel bor		chich the			no econdary market. Labort prices at	7:00 pn		lober 1 Chg.	9 Yinki			Squed	Bld	Offer	Chg.	Yiel
U.S. DOLLAR STRAIGH						Seeds: 8 97 2500		106 <sup>1</sup> 2	+1	4.65	Abbey Nati	Treasury 8 03 £ .	-	9712	975	Hz.	8.4
Abbey Nati Treasury 5 97 Abbey Netl Treasury 61 <sub>2</sub>	1000	984	1001	٠,	6.51	Volkswagen Intl Fin 7 02 5500	1047	102	+3	6.71	Aliance Lo	co 11 g 97 €	100	105%	1061		7.1
AEN Ambro Bank 74, 05	1000	1041	1043	- 2	8.11	World Bank 0 15 2000	284	2612		6.86	Denovaria 6	4 88 £	600	91 984	9133	472	100
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Lustre 8 2 02	400	1085	1087		6.13	SWISS FRANC STRAIGHTS					Harmon 10	97 2	102	104 105½	104 <sup>3</sup> 8 105 <sup>5</sup> 8		7.1
Baden Wuest L Fin 819 (			1074	4	620	Austria 4 <sup>1</sup> 2 00	10432	10412	+34	3.36	HSBC Hold	ings 11.69 02 € .	153	114	1143	3,	8.8
Bank Ned Gemeenten 7 : Bayer Vereinstek 84, 00			1031 <sub>2</sub>	٠.	6.30	Council Europe 43, 98 250 Desmark 44, 99 1000	103 <sup>1</sup> 4	1037	44	3.27 3.22	day 1012 1	4 E	400	10632	1064	+24	8.4
3dgum 51 <sub>2</sub> 02	1000	944	947	•	6.44	BB 3% 99 1000	1027	1024	-	2,89	Land Secs	8k 7 02 £	200	967 1024	97 <sup>1</sup> 2	14	7.7
FCE 7 % 97	150 500	1024	107% 107%	4	5.96 6.37	BB 64; 04 300 Finland 74; 99 300	113½ 1125	114 113	-30	4.86 3.77	Ontario 113	O1 &	102	112	1123	+1-6	8.2
entish Columbia 7% 02	1500	151	15 <sup>3</sup>	•	T.52	Hyundai Motor Fin Bl 2 97 102	108	109	-9	4.02	Seven Tre	7 13 E	250	101 ½ 111	101%	178	8.5 7.8
Danada 612 97 Danag Kong Pin 512 05	2000	101	1014		5.85	Iceland 7% 02 102   102   102   102   103   104   103   104   105   1	115	1154		4.10	Totayo Elec	Power 11 01 € _	150	1124	1125	1	8.1
7 ina 6 2 04	1000	951 <sub>2</sub>	25 <sup>1</sup> 2	4	725 723	Ontario 6% 02 400	1113	1113	+30	4.12	TCNZ Fin 9	12 <sup>1</sup> 2 97 NZS	75	10612	10812	44	7.5
Print 6/2 04 Credit Forcier 9/2 99 Cerman 5/4 98	300	100%	1104	J,	8.12	Causedec Hydro 5 08 100	98	684	+1	5.11	Credit Loca	/ 8 01 <i>iff</i> r	7000	107 kg	108 <sup>1</sup> 4	₩.	. 7.8 . 7.2
est Japan Rahary 6% 0	1000 4 600	100%	100 <sup>3</sup>	ير.	5.79 6.48	SNCF 7 04 450 Sweden 43s 03 600	117 198	11712	ياء	4.64	Sec de Fra	nce 84, 22 FFr	3000	1044	1045		8.3
CSC 84 95	103	102	102%		5.97	World Bank 0 21 700	27	27	+14	5.14	Surt. Art J	7 Ffr	4000	1034	104	-I <sub>8</sub>	. 64
E 8 04	1000	97%	98 107	-14	6.35 5.76	World Bank 7 01	1143	1145	·	3.97	FLOATING	RATE NOTES					
ec de France 2 98	200	1063	1087		B.04	YEN STRAIGHTS							femed	Bd	Os	<u> </u>	Сер
port Dev Corp 912 98 .	500	1087	10014	-18	6.30 6.06	Belgium 5 99 75000	11312	1134	44	1.62	Abbey Nati	Treasury -1 99 .	1000	99.75			5.812
ed Home Loan 74 99			108%	4	6.08	Credit Fonder 41, 02 75000 BB 65 02 100000	111 <sup>3</sup>	1117	474	2.85	Belgrum /	97 DM	750 500	99.74 100.10			6.000 4.437
ederal Nati Mont 7,40 04	1500	1074	10712	-1,	5.40	Ex-Ira Benk Japan 41 03 105000	1105	1107	+4	2.86	BFCE -0.02	26	350	100.00	100	OĐ .	6042
ord Motor Credit 6% 98	3000 1500	100%	10012	4	5.93 6.22	Inter Amer Dev 7 <sup>1</sup> 4 00 30000 May 3 <sup>1</sup> 2 01 300000	123 <sup>1</sup> 2 105	1234	414	1.84 2.56	CCCE 0 DB	97 DM	2000	98.42 98.45	98.		5.625 5.679
no Bk Japan Ph 7%, 97.	200	102	10212	+14	6.12	Japan Der Bk 5 99	1137	114	3	1.37	Culture	urs na i ⊸a us .	750	98.80			5,750
ter-Amer Dev 7 <sup>1</sup> s 05	500 500	10712 984	107 % 981 <sub>2</sub>	-18	5.86	Japan Dev Bk 6 <sup>1</sup> 2 01 120000 Norway 5 <sup>3</sup> 8 97 150000	1227	123 <sup>1</sup> a	+14	232	Ownmark J	neis 1, 00 97	300	97.87	98		5.875
5 ON	2010	85	967	4	6.68	SNCF 6% 02 30000	1207	1214	44	0.33	Dreadner Fr	rence 상 98 DM .	1000	92.94	100		5.750 4:574
epen Day Bk B <sup>2</sup> g 01 oran Bac Power B <sup>2</sup> s 00	3500	93 <sup>7</sup> 8	937g	يد	7.58 5.27	Spen 5% 12 125000 Sweden 4% 98 150000	1185a	1184 1087	+3	2.57	Fetto del St	at 8.10 97	420	100.04	100.	22 . 1	6125
ores Hec Power 8% 00	1350	981g	295	-14	5.79	World Bank 54 02 250000	116%	117	+14	8.76 2.41	Friend L.	00	-	102.04	100. RG		5,750 5,750
TCB Fin 6 97  Matsushika Elec 7 <sup>1</sup> 4, 122  Lorenzy 7 <sup>1</sup> 4, 97  Interio 7 <sup>3</sup> 5 02  Lates Kontrollbank 8 <sup>3</sup> 2 01	200	102	102 <sup>1</sup> s	+18	6.43	COLUMN STREET,	-		•		MV Stank Int	1 kg 98	500	100.03	100.	13	B.148
creey 7 \ 97	1000	1017	102		5.96	OTHER STRAIGHTS Finland 8 Of LFr Strong	1043	105la		7.31	italy 4 98		1500 2000	99.76	100		6000
interio 7% 02	3000	105	105°g	4	8.54 6.24	Finland 8 04 LFr 5000 Gerafrance Lys. 9 <sup>1</sup> 5 98 LFr	1077	10672		6.50				99.91	98.		6.125 6.250
triugai 5% 00	1000	110	983	1	B.48	KB Deut Industrik 8½ 00 LFr 3000 ASN Amo 8% 00 R 1000	1051 <sub>2</sub> 1031 <sub>4</sub>	1081 <sub>2</sub> 1031 <sub>2</sub>	14	7.48 5.77	Malaysis A	Perp S 0.10	600	82.96 99.55	83.		5,085
tertugal 5½ 00 Lether Hydro 9½ 98 Luther Prov 9 96	150	10834	10913	7	6.39	Bank Ned Gemeenten 7 03 Fl, 1500	103 <sup>1</sup> 8	10312	43	6.45	New Zealen	d}-990	1000	99.81	99.		6.090 5.812
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meden 61 <sub>2</sub> 02	1500	1014	1017	-4	6.38	EBC de France 94, 98 CS 275	105%	1074		6.66	State Hk Vk	toria NAS GG	-75	99.99	100.	13	5.940
ernessee Valley 5½ 02 skyo Blac Power 6½ 03	2000	10012	100%	4	6.40	h/W lat Fin 10 01 CS 400 Neppon Tel Tel 104 SE CS 200	109%	102 1104	+1/2	7.41 7.73	Sweden -18	01	1500 2000	100.02	100.		5,875 5,750
dicyo Histo Power 54g (13	1000	1007	98 <sup>1</sup> 4 102 <sup>1</sup> 8	4	8.45	Nippon Tel Tel 104, 98 CS 200	1094	1003		7.49				40740	907		2,750
okyo Metropolis 81, 98 Oyote Mater 51, 98	1500	9512	693		5.84	Onterio 8 02 CS 1500 Ontario Hydro 107g 99 CS 500	101 110	1014	4	7.97 7.44	COMMERCIE	ELE BONDS	_	MIN.			
inted Kingdom 7 <sup>1</sup> 4 02 forts Bank 6 <sup>2</sup> 5 02	3000	105%	105 <sup>1</sup> 2 101 <sup>2</sup> 1	7	6.70	Oster Kortrolitorok 104 00 CC 190	100	1095	•	7,41					Bid O	Ser P	ham.
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EJTSCHE MARK STRA	MEHTS					Credit Foncier 83 04 Ecu 1000	101	1014	44	8.19	GPAND ME	fie 7 <sup>1</sup> 2 00 TROPOLITAN 6 <sup>1</sup> 2	65 1.05 m	54 10	7 <sup>1</sup> 2 1	OD 1	19.78
ustra 6% 24	2000	. 89	89 <sup>1</sup> 8	÷2*	7.44	EC 6 00 Ecu	104-4 95-4	102		7.54 7.08				37 11	47a 115		10.47
aden-Wuert LFrance 6 recit Foncer 74, 03		101%	1024	<b>_1</b> g	5.16 6.91	Denmark 8 <sup>1</sup> 2 02 Ecu 1000 EC 6 00 Ecu 1000 EB 10 B7 Ecu 1126 Ferm del Stat 101- 00 Ecu	105 <sup>1</sup> 8	105%	4	5.60	Hanson 912	05 £ vica 2.39 01	- 500 2	40 4	101 101	5	25.24
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#### **CURRENCIES AND MONEY**

#### MARKETS REPORT

# D-Mark lifted by strong German monetary growth

#### By Graham Bowley

The D-Mark advanced on the foreign exchanges yesterday after signs of stronger growth in German money supply increased scepticism about future cuts in German interest

It gained ground against the dollar and against most other European currencies as the Bundesbank's decisioo to leave interest rates unchanged at its council meeting reinforced the view that German rates could

be on hold for some time yet. The Swiss franc was among those hardest hit by the D-Mark's strength amid some speculation of a move in Swiss interest rates. Against the D-Mark, it finished at DM1.227, compared with DM1.231 at the

previous close. But the D-Mark's rise was most marked against the yen. It rose to new recent highs against the Japanese currency before finishing at Y71.20, from Y70.77. Analysts said traders

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could be aiming to push the DM2.2223, from DM2.2344.
D-Mark to a target rate of Y73 against the D-Mark. But it D-Mark to a target rate of Y73 against the yen.

The only exception to the general picture of D-Mark ascendency was in Sweden, where the Swedish krona continned to register strong gains. It closed at SKr4.793 from SKr4.816.

Against the dollar, the D-Mark closed at DM1.4141. compared with DM1.4235 at the

previous close.
Sterling fell back against the
D Mark after official figures showed that growth in the UK money supply was slower last month. The M4 measure of the

· -- Latest ---- Prev. close ··· 1,5725 1,5714 1,5702 1,5685 money supply grew by 8.2 per

cent in the year to September,

compared with 8.5 per cent in

August. The pound finished at

15.7231 15.6305 45.8660 45.8970 8.6691 8.8253 6.7310 6.6790 7.8271 7.7910 2.2348 2.2197

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gained ground against the dol-lar, closing in London at \$1.5715 from \$1,5897.

■ The dollar suffered a gradual decline against the D-Mark throughout the European session as Wednesday's gains on the back of the sharp improve-ment in the trade deficit were numound.

But the trade figures did continue to have an impact on the D-Mark/yen cross-rate. The fig-ures, which were seen as positive for the dollar versus the yen, and the German money supply data, which boosted the D-Mark, combined to push the German currency to new highs against the yen.

Some dealers said that the dollar's current position continued to look fragile. "The markets are not convinced that a turnaround in the US trade gap is imminent," sald Mr Neil MacKinnon, chtef economist at Citibank in London

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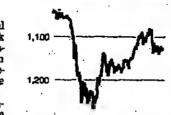
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0.2

2.4029 -2.5 2.4279

Against the D-Mark (Lira per DM) 1,000



1,300 E 1995 Source: FT Extel

The dollar was undermined in early trading by comments by Mr Fred Bergsten, the US economist. He was reported as saying that a dollar/yen rate centered around the Y90 level would be good for both the US

But the German deta which showed that German M3 money supply grew at an annualised rate of 1.5 per cent last

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month, compared with 0.3 per cent in August - provided the strongest downward pressure on the dollar.

Against the yen, the dollar lost some ground, finishing at Y100.65 from Y100.75.

Most European currencies lost ground to the D-Mark. In Italy, political uncertainty continued to hang over the lira after Mr Filippo Mancuso, jus-tice minister, lost a vote of no confidence in the Italian sen-ate. The lira finished at L1,128 against the D-Mark, down from L1,127 at the previous Euro-

The French fraoc found some support from strong industrial output data before falling back after the German money supply figures and the Bundesbank's decision on interest rates boosted the D-Mark.

Analysts said the franc still looks vulnerable to further weakness. They said there are continuing worries over the

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tain high interest rates while unemployment remains high and there is concern over lack of progress on budget reform. The franc closed in London at FFr3.509 from FFr3.506,

MONEY RATES

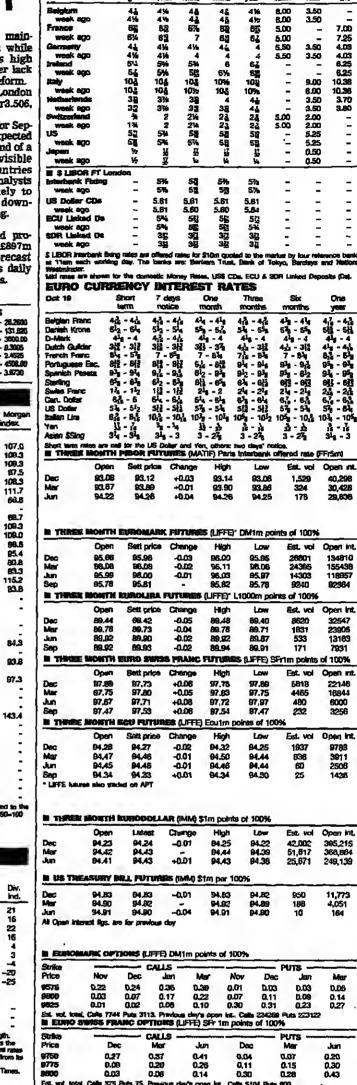
gainst the D-Mark. In the UK, trade data for September due today is expected to confirm the recent trend of a widening of the UK visible trade deficit with countries outside the EU. But analysts said that this is unlikely to exert any significant downward pressure on sterling.

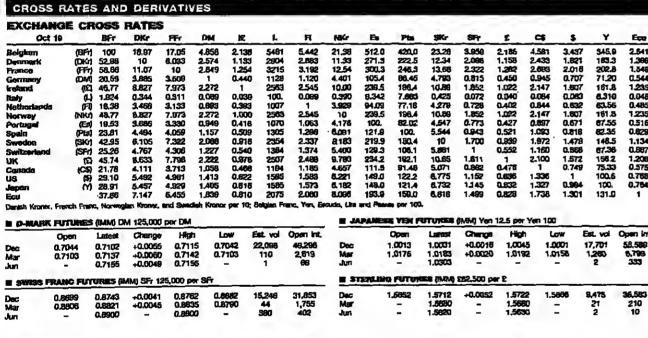
■ The Bank of England provided assistance of £897m towards clearing a forecast shortage of £900m in its daily money market operations.

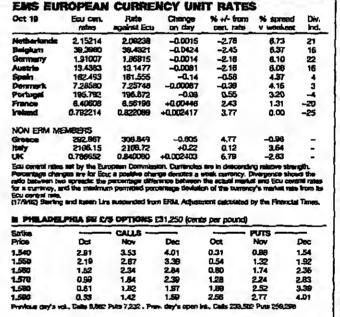
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37 LONDON SHARE SERVICE INV TRUSTS SPLIT CAPITAL - Cont. LEISURE & HOTELS - Cont. OTHER FINANCIAL | Total | Tota | Chicago | Chic Protection 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 | 1997 時代の日本では、177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 177 | 17 (200 m. 1948 m Price 88 4 6 7 185 6 7 عام المحمد المد الوال الدال الديد الدائي الدال الدائم الدالمحمد المنافيد إلى المثل إلا المثل إلى المتلالية المتلالي Hamileson Employs 4 or Links.

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Company checksideritons are bested on those used for the FT-SE Actuaries Share indices.

Closing indi-prices are allown in pence unless otherwise stated. Highs and lose are based on intra-day reid- prices.

Where stocks are demonstrated in currencies other than sturing, this is indicated after the name. Some processes and a pressure or long to our set our F1-CE Comment of the processes of the 1805 | Mary | Ma INVESTMENT COMPANIES + or 1985 Mat 1980 Ma LEISURE & HOTELS + # 1995 - 10 449 -2 1291; -1 42 -1 150 -1 21 -1 160 -2 125 -1 255 -2 251 Artours 2510 CP PV Spin CP 323 103 17 101 36 12 128 111 197 202

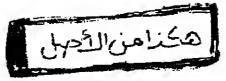
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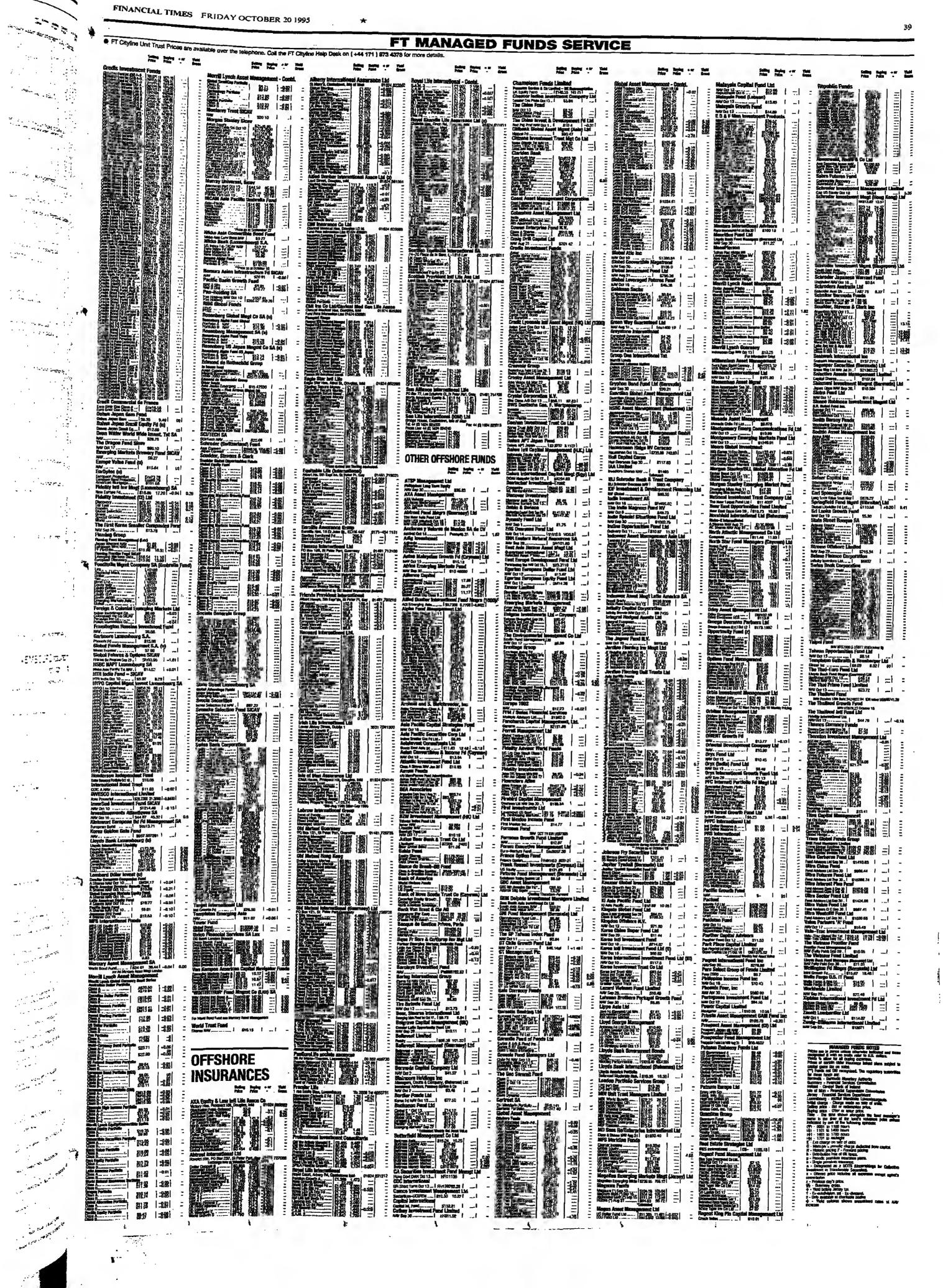
FT MANAGED FUNDS SERVICE ● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details. **OFFSHORE AND OVERSEAS** BERMUDA (SIB RECOGNISED) Ξ ## 455 - 155 - 155 halt Manter Stelling Beging of Yor York Charge Pales Pales - Gris ISLE OF MAN (REGULATED)(\*\*) GUERNSEY (REGULATED)(\*\*) hai investment Fund Ltd Macaged Contents +0.01 t (treiand) Ltd \$10.39 (treiand) Ltd BERMUDA (REGULATED)(\*\*) Conty Land Service -Every Cord Exercise -Characterist for East for East Goods d) Lbd 8431. TAR 1 = 1. Commontation Market - 514 16 14.57 207 866 an (155개 163) \$48 34 42 83 \$10.06 10 10 \$10.06 10 10 \$20.06 10 15 36 \$20.17 51 17 70 \$17.51 17 70 \$17.50 11.65 \$51 70 11.65 5.48 t-antf - -£ -000 1 31 -520 88 -001 650 -505 649 -406 7.71 -9.200 Econo 49 51 061 51 061 51 163 51 163 JERSEY (SIB RECOGNISED) 1-0 cz 10 00 I -cm; 27524 275730 TOTAL STATE OF THE Server with the contract of the server of th to depth water set beauth has Managers GUERNSEY (SIB RECOGNISED) SECTION OF LUXEMBOURG (SIB RECOGNISED) ornign & Col A Coursey) Los Fund Fund Trade (43 Fund) S CA SA (ti) and Equaly Fund \$0.32 RELAND processors

RELAND proces Net Food Roccan Food pict. | 593.90 | 10.38 | +0.39 | New Silk Road Fond | 151.23 | +0.07 | Old Matheal International (Ireland) Ltd | England | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151.23 | 151 527 758 508 51247 13.13 14.65 野蛮 雅勒 常計 

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#### LONDON STOCK EXCHANGE

MARKET REPORT

# \_ack of follow-through halts market's advance

By Steve Thompson, UK Stock Market Editor

An inevitable flurry of profit-taking took the leading UK equities back from their hard won record levels vesterday.

A broad retreat across the stock market was said to have been partly due to profit-taking but also to the increased nervousness affecting Wall Street and bond markets.

In the background, the recent concerns about currencies put renewed pressure on some of the continental European stock markets. Some international strategists talked of switching out of vulnerable, overbought markets and

into so-called safe haven areas. At the end of a session featured by disappointingly low turnover. the FT-SE 100 index settled a net 14.4 lower at 3,578.6. There was more comfort for bolders of secondtier stocks, with the FT-SE Mid 250 index finishing the day only 3.1 off

There was also an element of disappointment at the more speculative end of the market with the absence of any of the much rumoured takeover bids expected by many in the financial sector. And dealers began to adopt a cautious stance in equities ahead of the expiry today of October index Traders said that, given a reason-able performance by Wall Street and the bond market, the FT-SE 100 should be in good enough form to enable dealers to pin the expiry around the 3,600 level. Thereafter, the market is expected to make further progress.

Bank shares have been racing ahead, ever since the proposed link-up between Lloyds Bank and TSB at the beginning of last week, while many of the fund management stocks have surged on talk of imminent hlds from bome and abroad. Insurances are the latest stocks to attract the attention of speculators who see the sector as ripe for consolidation.

The day's economic news from Europe and the US caused only minor ripples across the market. In the UK, the M4 money supply figures were easily absorbed, while news from the US of an increase in the prices paid component of the Philadelphia Fed survey caused few problems in the US bond market.

The FT-SE Mid 250's good showing owed much to some excellent gains in the fund management sector, where Gartmore, in which Banque Indosuez's 75 per cent stake is up for sale, figured prominently. M&G was another stock to attract keen support.

Pearson, the media group which owns the Financial Times, was the second-best performer in the FT-SE 100, with the market full of stories of break-up valuations, ranging from 835p to 900p a share.

On the downside. Smith & Nepbew, the healthcare group, was hit by news that Johnson & Johnson, the US group long seen as a potential bidder for the UK group. had bid \$1.6bn for Cordis, the US medical company, thereby diminish-

ing hopes of a move against S&N. Turnover reached 659.7m shares. well down from recent levels of activity in the market. Customer business on Wednesday was worth £1.9bn, a disappointment to many who had expected the total to



3578.6

1779.4

FUTURES AND OPTIONS

3622.0

-3.1 -5.9

+0.1

■ FT-SE 100 INDEX FUTURES (LIFFE) £25 per tull index point

3606.0 3636.5

Sett price Change

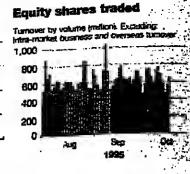
# FT-SE MID 250 INDEX FUTURES (LIFFE) \$10 per full index point

# FT-SE 100 KNOEK OPTION (LIFFE) ("3576) \$10 per tult index point

B EURO STYLE FT. SE 100 INDEX OPTION (LIFFE) \$10 per tuli index point

-30.0

3628.0



2621.2 FT Ordinary index FT-SE-A Non Fins p/e FT-SE 100 Fut Dec 3608.5

Long gitt/equity yld ratio: 2.26 Gas Distribution Tobacco Retailers. Health Care .

3597.0

11270 . 66571

#### Two-way pull in telecoms

Stocks in the telecommunications sector moved in sharply different directions as Vodafone resisted the market weakness and BT slipped back on heavy turnover.

Vodafone was helped by an optione trade carried out by SBC Warburg - the issue of 100,000 call warrants on a basket of six European mobile phone groups. Vodafone. Telecom Italian Mobile, Mannesmann, Kinnevik, Ericsson and Nokia, It came on the day wben Nokia produced eightmonth figures that disappointed some investors. It also follows a savaging of the telecoms sector prompted by recent caution from Motorola.

Vodafone shares climbed 6 to 2691 p, while BT fell 412 to 3871.p with 17m shares traded. BT, a liquid stock that always offers an easy route in and out of the market, suffered from the impact of a downgrading by US brokerage Lehman

Lehman reduced its view on the stock to neutral from outperform, saying it was expensive compared with other European phone companies.

lt said BT's divideod and earnings growth were likely to be less than some European rivals, because of the company's heavy planned expenditure on upgrading local telephone lines, so that they can accommodate a fully fledged home entertainment service.

#### Pearson active

at 3 938 2

Media conglomerate Pearson rose 18 to 661p on tabloid press speculation that Cazenove, the company'e broker, had produced a circular detailing Pearson's potential break-up value.

Cazenove never comments publicly on market rumours but did assure a company spokesman that there was no such circular. James Capel was also said to bave produced a break-up valuation. The agency broker said it bad not published anything or spoken about the company vesterday but was preparing a note.

There was also vague talk that Pearson, which owns the Financial Times, might be interested in disposing of its merchant banking arm, Meanwhile. Panmure Gordon said it had done a "sum of parts" exercise which valued the company at 750p a share.

**Publisher Reed International** bounced 11 to 964p as Credit Lyonnais Laing highlighted the stock as one of its key buys in the sector, arguing: "We prefer those stocks exposed to professiooal markets which will enjoy stabler revenues and stronger growth than the more domestic, more cyclical consumer companies.

#### Trafalgar steadies

Troubled conglomerate Trafalgar House confounded market watchers and reacted favourably to news that 26.1 per cent stake holder Hongkong Land would not withdraw its support from the group. The shares initially fell to

19p, after it published a trading statement that warned of increased loeses and heavy restructuring provisions. The company further warned that

payment of preference dividends is "doubtful". However, there was a turnaround in sentiment mid-morning as attention shifted to a closer examination of the statement of support from Hongkong Land. One dealer said: "The statement cleared the air

to convince some people the shares are worth a punt. With the way the price has come down there is little downside." With increased buying throughout the afternoon, the shares rallied off the bottom and eventually finished 14 ahead at 21% p. Volume at 29m ehares was again heavy. though it fell way ehort of

a little and it seemed enough

Wednesday's record of 70m. But analysts remain sceptical about the prospect of a

recovery and one said: "If there is a recovery, it will be a long haul to get any return on this business. I cannot see any

quick way out." Sanity crept into the perfor-mance of the insurance stocks vesterday as analysts began to look at the extent of cost savings to be gleaned from mergers or acquisitions.

Profit-takers emerged after Credit Lyonnais Laing hit out at an earlier argument by the team at SBC Warburg, which had claimed there were similarities to be drawn between the consolidation in the banks and the potential consolidation

in the insurers. All the leading composite insurers came back from earlier highs, although only General Accident and Royal Insurance were lower on the day, with SGST advising investors to take profits. GenAcc finished 11 off at 675p and Royal, up 50 over the past fortnight,

#### FINANCIAL TIMES EQUITY INDICES

	Oct 19	Oct 16	Oct 17	Oct 1B	Oct 13	Yr ago	*High	Low
Ordinary Share	2621,2	2635.5	2620.3	2614 4	2628.6	2356.2	2668.5	2238.3
Ord. div. yield	4 05	4,04	4 07	4 08	4.07	4,37	4.73	+.02
P/E ratio net	16 01	16.05	15.84	15.81	15.85	18.53	21.33	15.35
P/E ratio nel	15.82	15.56	15 65	15.63	15,56	18.03	22.21	15.17
For 1995 Ordinary FT Ordinary Sham				high 271	36 ZMB	; ion 23.4	36640	

Share 9.00	-	_		13.00	14.00	15.00	16.00	High	Low
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		Oc: 19	Oct	18_	Oct 17	0ct 1	6 0	:: 13	Yr ego
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nover I	Emit		- 19	09.4	1467 4	1283	1.3 1	£54 1	1407.
rgainst			. 34	.085	33,292	36,1	22 2	5,477	25.65
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	9.00 2636.4 rgains mover i	9.00 10.00 2635.4 2624.0	9.00 10.00 11.00 2635.4 2624.0 2625.3 Oct 19 rgans 29,824 rgains†	2636.4 2624.0 2625.3 2625.3 Oct. 19 Oc	9.00 10.00 11.00 12.00 13.00 2635.4 2624.0 2625.3 2625.3 2624.9 Oct. 19 Oct. 18 Oct. 19 Oct. 18 Oct. 19 Oct. 18 1999.4 rgsinst - 34.085	9.00 10.00 11.00 12.00 13.00 14.00 2635.4 2624.9 2625.3 2625.3 2624.9 2623.8 Oct 19 Oct 18 Oct 17 regulars 29.824 29.215 28.372 regulars 34.085 33.292	9.00 10.00 11.00 12.00 13.00 14.00 15.00 2635.4 2624.0 2625.3 2625.3 2624.9 2623.8 2621.2 Oct 19 Oct 18 Oct 17 Oct 1 19 Oct 18 Oct 18 Oct 17 Oct 1 19 Oct 18 Oct 18 Oct 17 Oct 1 19 Oct 18 Oct	9.00 10.00 11.00 12.00 13.00 14.00 15.00 16.00 2636.4 2624.0 2625.3 2625.3 2624.9 2623.8 2621.2 2519.4 Oct. 19 Oct. 18 Oct 17 Oct 16 Oct. 19 Oct. 18 Oct. 17 Oct. 16 Oct. 19 Oct. 19 Oct. 18 Oct. 17 Oct. 16 Oct. 19 Oct. 19 Oct. 18 Oct. 17 Oct. 16 Oct. 19 Oct. 19 Oct. 18 Oct. 17 Oct. 16 Oct. 19 Oct. 19 Oct. 18 Oct. 17 Oct. 16 Oct. 17 Oct. 17 Oct. 16 Oct. 17 O	9.00 10.00 11.00 12.00 13.00 14.00 15.00 16.00 Figh 2636.4 2624.0 2625.3 2625.3 2624.9 2623.8 2621.2 2619 4 2637.7 Oct 19 Oct 18 Oct 17 Oct 16 Oct 13 regulars 29.822 29.215 28.372 30.199 30.695 regulars - 1909.4 1467 4 1283.3 1654 1 regulars - 34.085 33.292 36,122 25,477

II London market data								
Rises and fails'		1995 Highs and	kows	LIFFE Equity option	ons			
Total Rises	419	Total Highs	112	Total corgracts	40,506			
Total Falls		Total Lows	33	Cetts	17,078			
Same	1705			Pues	23,428			
Oct 19 from have	od on Em	the charge better on	-	on Chara Courses				

#### retreated 10% to 4010

Guardian Royal Exchange bucked the trend. The smallest composite stock, it is seen as the most likely bid target and the shares moved ahead 5 to 249p, the biggest percentage gain in the Footsie.

Fund manager Gartmore rose 11 to 30tp as market talk persisted over the potential buyer of Banque Indosuez's 75 per cent stake. BAT Industries is the favoured candidate and the tobacco and insurance conglomerate's shares relin-

quished 10 at 537 in. Mercury Asset Management gained 9 at 963p in anticipation that it is poised to enter the FT-SE 100 index.

Smith & Nephew receded 5 to 188' p on turnover of 7.4m shares, heavy for the healthcare stock. The company has been seen for some time as a potential target for Johnson & Johnson, of the US, but yesterday Johnson launched a \$1.6bm hid for Cordis. a medica! devices group.

Gases group BOC held out against toe market meakness as J.P. Morgan issued a posttive note following last week's company visit. The house has raised its 1996 year-end share price target to 900p from \$45p. BOC closed a penny up at 571p. Tring International plum-

profits warning. Fears of an increasing price war continued to exact a toll on food retailers in heavy tracing. Iceland Group fell 6 to 166p, making it the day's hig-gest retreat among FT-SE Mid

meted 27 to 59p following a

250 constituents. There was heavy trading in several of the other food retailers. Argyll Group saw volume of 8.7m as the snares eased a penny to 3301/2. While Asda Group traded 7.3m and declined 214 to 991.p.

Volume in Tesco had risen to 6.9m by the close, as the shares relinquished 314 to 307 ap. Hotels and pubs group Bass

eased 2 to 673p. There was talk

in the market late in the session suggesting the group was lining up a bid for J.D. Wether-

spoon, unchanged at 633p. DFS Furniture held up relatively well, closing 2 off at 343p, after NatWest Securities. the group's broker, recommended the stock. In a note urging investors to "add" to holdings, NatWest said: "Retailers like DFS are a rarity.

Argos advanced 14 to 512n. with James Capel said to have shown a keen interest in the shares. Also in demand was Storehouse, where the shares appreciated 6 to 310p. However, profit-taking after a recent run saw Dixnns surrender 61 to 392p. Body Shop continued to weaken following Wednesday's lower than expected figures.

iosing 2 at 133p. W.H. Smith gained 11 at 338p on volume of 1.8m, with James Cane! said to have upgraded its recommendation from a "hold" to a "ouy" following the group's positive annual meeting earlier this week.

3425 3475 3525 1 160 1 110 1 602 112 1 18212 10 13912 1612 9912 2512 206 25 166 3412 13812 4612 258 5212 16812 78 29012 84 227151161

Cats 6 513 Pars 5.143

Peter John. Joel Kibazo.

FT-SE 100

FT-SE Mid 250

FT-SE-A All-Share yield

Best performing sectors

97 11 136 1097<sub>2</sub> 27°<sub>2</sub> 1457<sub>2</sub> 82 168 123 3027<sub>2</sub> TRADING VOLUME

MARKET REPORTERS:

Other statistics, Page 45

2 2,34 2,04		===	198		Stock	Cicse once p	<u>.</u>	Net div.	Day.		P/S net
	FF.				Consolidated Coal	68			-	-	-
-	₹₽.	5 55	.35		TELES SEES FOR	130		-	-	•	-
•	= =	7.45	- 23		GETTER SET WIS	19	+1	-	-	-	-
-	77.	7.3	£.	. 25	Hz, & Raberson	38	-1	<b>y-</b>	-	-	-
	F.P	17.3	€.	52	TO WAY BELL	61	+1	*-	-	•	-
•	=_=	.53	.05		"Augraty Vice	105		-	-	-	-
-	==.	5.30	95		TOTTLETT	26		Hv1.5	4.0	2.2	14.3
	=,2,	:44			PETERSIEND	60		<b>y-</b>	-		•
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411	=,=,	3 22	420	400	TPTETES NOT ENG	400		<b>y</b> -	-	:	-
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	F.2.	451	145		Universal Salitage	183		Mv5.07	1.7	3.5	21.2

2 2 Uman S Sen Lyrs

FT GOLD MINES INDEX									
	Oct 18	% chg po day	Det 17	Yester Juget	Grant div yield %	P/E ratio	52 w	reek Luier	
Gold Milnes ladex (34) In Beginned ludices	1637.12	-1.3	1860.78	2293.86	2.84	-	2304.73	1637.91	
4552 (15) 4552-853 (5) (5)(5) 46652 (12)	2275.64	-22		2867.88	4.32 2.21 0.85	23.12 25.23 45.37	3711.87 29\$1.49 1831.00	1788.20	

### ECTRICITY FINANCIAL TIMES Conferences 22 & 23 November 1995 Hotel Inter · Continental, London

This annual FT meeting - the ninth in a well received series - brings together leading figures from Europe, North America and Asia to debate the current challenges and opportunities for electricity utilities around the world and comment on future trends.

Issues include:

- ★ The Global Power Market in the Late 1990s
- \* Restructuring, Liberalisation and Privatisation Plans Around the World
- ★ Operating in a More Competitive Environment
- \* Identifying New Business Opportunities.

#### Speakers include:

MR R. E. D. COLDWELL Head of Government and Overseas Relations The National Grid Company plc

MR TORU ISHIDA Director General JETRO Düsseldorf

MR GYÖRGY HATVANI Chairman of the Board MVM RT (Hungarian Power Companies Ltd)

MR JÖRGEN ANDERSSON Minister of Housing and Energy Sweden

> MR JOHN BEAUMONT Director of Marketing **Energis Communications Limited**

MR DAVID WEAVER Vice President, Asia **CMS Energy Corp** 

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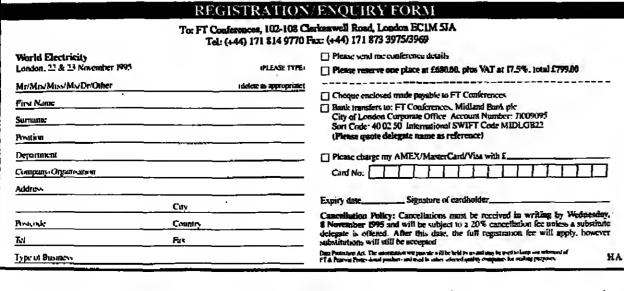
FT - SE Actuaries S	mare in	uitæ							Lie C	JK S	કારક
	Cct 19	Day's angeto	Oct 18	Oct 17	Oct 16	Year	Dhv. yield%	Net	P/E ratio	Xd adj.	To
FT-SE 100	3578.e		3593.0				3.94	2.07	15.33	125.35	1418
FT-SE Mid 250	3935.2			3936.9			3.47	1.85		118.11	
FT-SE Mid 250 ex Inv Trusts	2357.6						3.60	1.81		123,65	
FT-SE-A 350 FT-SE-A 350 Higher Yield	1779.4 1772.0	-0.3 -0.5					3.84	2.02		60.33	
T-SE-A 350 Lower Yield	1791.7	-0.5			1782.5		4.89 2.76	1.83		75.98	118
T-SE SmallCap	1965.68					1792.77	3.30	1.57		53.11	158
T-SE SmallCap ex liny Trusts	1951.07					1762.51	3.52	1.74		55.79	157
T-SE-A ALL-SHARE	1757.31	-0.3	1762.78	1751.32	1749.74	1525.58	3.80	2.00	19,45	58.65	144
FT-SE Actuaries Ali-	Share	Day's				Year	DIv.	Net	P/E	Xd adi.	To
	Oct 19		Oct 18	Oct 17	Oct 18		yield%	COVER	ratio	ytd	Ret
10 MINERAL EXTRACTION(23)	2943.33					2552.28	3.83	2.09	15.64	105.02	123
12 Extractive Industries(7)	4221.39					3904.76	3.50	2.51	14.20	143.77	121
15 Oil, Imegrated(3)	2916.06					2605.39	4.02	2.04		107.92	125
16 Of Exploration & Prod(13)	1937.02		1950.02				2.59	1,48	32.50	49,88	114
20 GEN INDUSTRIALS(278)	1967.89					1889.72	4.16	1.83		70.36	105
21 Building & Construction(35) 22 Building Matis & Merchs(31)	610.47 1704.35		916.03				4,47	1.87		36.55	747
23 Chemicals(23)	2457.21		2466.99			1832.70	4.33 3.80	2.02		65.12	84
24 Diversified Industrials(20)	1757.72		1761.37				5.64	1.52		80.85 87.22	114 95
25 Bectronic & Bect Equip(36)	2180.15		2177.00				3.46	1.93		61.61	110
26 Engineering(68)	2178.02		2161.82				3.33	1,99		58.48	129
27 Engineering, Vehicles(13)	2581.09		2612.86				3.62	1.38		89.48	131
26 Paper, Pokg & Printing(27)	2869.27		2887.88				3.48	2.48		86.90	117
29 Textiles & Apparel(21)	1571.29		1583.07				4.59	1.78	15.28	51.24	929
30 CONSUMER GOODS(92)	3437.22		3455.50				3.89	1.77	18.21	117.55	124
31 Brewerles(15) 32 Sprits, Wines & Cidens(10)	2654.70 2956.80		2671.55				3.75	1.99			124
33 Food Producers(24)	2518.99		2964.35 ( 2526.27 )				4.04	1.84		106.86	103
34 Household Goods(11)	2642.37		2641.91				3.62	1.79 2.04		80.34 59.15	110
36 Health Care(17)	1974.10		1994.97				2.83	1.82		48.10	980
37 Phannaceuticals(11)	4561.43	-0.4	578.22 A	4537.13	4550.71	2999.37	3.54	1.57	22.41	153.87	152
38 Tobecco(1)	4553.10	-1,8	1837.81	654.75	4645.28	3691.20	5 <i>.</i> 27	1.90	12.52	229.23	110
40 SERVICES(226)	2187.58		2189.85				3.05	2.06			1111
11 Distributora(30)	2705.59		703.57				3.68	1.77	19.23	73.32	974
12 Leisure & Hotels(29) 13 Media(43)	2554.48 3424.36		2552,43				3, 13	1.85		73.28	130
4 Retailers, Food(16)	2063.75		408.32 : 2086.40 :				2.13	2.40			122
15 Retailers, General(44)	1799.54	-0.2	803.77	794.34	1795.50	1852 83	3.48 3.28	2.41	14.89	58.55	128
8 Support Services(37)	1867.82	+0.3 1	862.31 1	853,62	1858.15	1492.28	2.44	244			100
8 Transport(20)	2204.47	-0.1 2	207.45	197.82	2202,28	2231.65	3.81	1.29	24.87		1156 899
1 Other Services & Business(7)	1199.30	0.1 1	200.64	202.45	1204.46	1245.85	4,24	1.43			107
O UTILITIES(36)	2549.73	-0.8 2	565.00	2543.86	2527.94	2398.06	4.48	201	13.92	95.1g	
© Electricity(14) 34 Gas Distribution(2)	2825.48 1692.72	-0.3 2	835.35	2821.22	2797.1e	2449.74	3.94	2.92	10.86	118.18	125
6 Telecommunications(7)	2130.18	-221	731.11 :	692.72	1618.88	1907.52	7.08	0.65	27.22	119.82	849
8 Water(13)	2081.57	-0.32	2088.85	7088 QR	2125.14 2128 55	1004 44	3.85 5.51	1.71		51,48	947
9 NON-FINANCIALS(855)	1980.80		667.80 1				3.82	2.75 1.82		62.04	1100
THANCIALS(113)	2780.57	-0.1 2	792.43	2733.41	2726.70	2161.51	4,00	2.45		101.82	
<sup>71</sup> Benks, Retali(9) 72 Banks, Merchant(6)	3900.79 3656.70	-0.2 3	906.84 3	836,27	3827.58	2829.51	3.73	2.82	11.90	140.81	1230
3 Insurance 25)	1429.14	+0.13	652.21 3	627.80	3640.31	2745.80	2.54	2.74	17.98	91.76	1143
4 Life Assurance(6)	3218.72	-0.13	427.75 1 220.65 3	120 00	300.81	244.12	5.16	2.69	B.02	64.65	1040
77 Other Financial(22)	2428.94	+0.B 2	404.39 2	391.0B 2	2394.10	1901 27	4.34 3.64	1.53 1.95	18.79	136.72	
79 Property(45)	1359.98	-0.5 1	367.05	378.89	388.96	468.47	4.55	1.33	17.66 20.58		1351
O INVESTMENT TRUSTS(122)	2950.32	-0.12	952.02 2	943.36	2940.13	747.50	2.22	1.08			B15
S FT-SE-A ALL-SHARE(901)	1757.31	-0.3 1	762.78 1	751.32	748.74	1525 58	3.80	2.00			1018
-SE-A Fledging	1078.70	1	078.24 1	D76 72 1	075.40	JEN.30		_	16.45		1447
-SE-A Fledging ax Inv Trusts	1075.97	+0.11	075,42 1	074.69	073.46	_	2.82 2.96	1.26	35.29		1108
						-	<b>~</b> 50	1.31	JZ. 18	26.43	1105

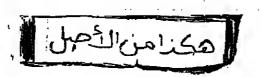
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3580.8 3936.8 1780.2 3581.4 3936.8 1780.4 FT-SE 100 3581.1 3579.2 3577.A 3578.0 FT-SE Mid 250 1785.8 1780,4 Time of FT-SE 100 Day's high: 8.57am Day's low: 3.16pm , FT-SE 100 1985 High: 3598.0(18/10) Low: 2954.2 (23/1),

■ FT-SE Actuaries 350 industry baskets

Onen 9.00 10.00 11.00 12.00 14.00 15.00 917.0 815.1 4514.4 4505.4 2084.5 2079.7 913.9 4506.2 2073.9 3949.3 914,5 915 5 4507.5 2071.4 915.1 4509 3 4507.5 2071.2 2071.4 3954.9 3352.4





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	CAC 40(31/1287) FAZ Akden(31/1298) FAZ FAZ Akden(31/1298) FAZ	Open Limber Change High Low Est. vol. Open int. Publis 422 4.55 3.10 3.3 1295 868 A 134, 415 3.10 3.10 3.10 3.10 3.10 3.10 3.10 3.10	
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4 pm close October 19

### NEW YORK STOCK EXCHANGE COMPOSITE

## Page | 1986
1981 Low Stack
255, 175, Bell in
7412 5314 - C -

1985 High Law Stack 45<sup>1</sup>2 35<sup>1</sup>2 Cristin 8<sup>1</sup>8 8<sup>2</sup>6 CV Rest 29<sup>1</sup>3 14<sup>1</sup>2 Cycars Sys 55<sup>1</sup>2 21<sup>1</sup>2 Cycass 32<sup>1</sup>3 24<sup>1</sup>4 Cycass 51 <sup>2</sup>6 31<sup>1</sup>5 Cytac

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234, 11<sub>9</sub> FM Insur X
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134. HEO Home
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# helps weaken tech stocks

#### Wall Street

US shares were mostly flat in early trading yesterday, although the technology sector gave back some of the gains It had made earlier this week. writes Lisa Bransten in New

The technology-rich Nasdaq composite shed 5.80 to 1.039.57 to put an end to the rally that led the index nearly 27 points higher on Tuesday and Wednesday. The Pacific Stock Exchange technology index gave up 1.1 per cent in early

Leading the decline was Apple Computer, which gave investors a oegative surprise late on Wednesday hy reporting earnings of 48 cents a share

#### NYSE volume



for the fourth fiscal quarter, 4 cents a share lower than the mean analyst estimate, in early trading Apple shares were 5 per cent or \$2% cheaper at \$351v

October 1995

Microsoft and Intel, the two largest companies on the Nasdaq, also slipped yesterday, giving back some of the stroog gains made earlier this week after the software company and the semicooductor mannfacturer reported stronger than expected earnings. Microsoft was off \$14 at \$95% and Intel shed \$1 to \$66%

Meanwhile, the Dow Jones Industrial Average improved 1.81 to 4,779.33 on the heels of modest gains in the bond market. The more broadly based Standard & Poor's 500 was off 0.43 at 587.01, while the American Stock Exchange composite was 2.32 lower at 532.86. Volume on the NYSE came to 231m shares.

Nokia, the Finnish cellular telephone and electronics company, plunged 15 per cent or \$10% to \$58% after reporting earnings growth of 58 per cent

In spite of the strong growth, the company's results were slightly below analysts' forecasts, which surprised investors accustomed to a company which normally beats expecta-

Motorola, Nokia's main competitor, fell \$2% to \$65%, partly because Nokia forecast weakness in its North American mohile telephone market.

Salomon Brothers, the US investment bank, shed \$11/4 to \$38% after announcing that Mr Warren Buffett would not convert his preferred stock into ordinary shares. That move was seen as a vote of no confidence in the company; hut the shares got some support from the bank's strong earnings performance. Salomon reported earnings per share of \$2.10, more than double the mean

forecast of 79 cents. Cordis surged 25 per cent or \$213 to \$1073 after Johnson & Johnson launched a hostile hid to take over the company, Shares in :Johnson & Johnson added \$3 at \$78% on the news.

#### Canada

Toronto was weak at midday. pulled lower by a falling gold shares sector, and the TSE 300 composite index declined 10.76 to 4.478.10.

In spite of the weakness of the sector, Bre-X Minerals sbot forward CS61 to CS45 on the Alherta stock exchange; the gold company recently released drilling results suggesting that it might have found one of the world's largest gold mines.

Losing stocks included the satellite television technology company Tee-Comm Electronlcs. which receded C\$1 to C\$173s on news that it planned a 4m-share offering in Canada

# Mexico in early gain

Mexico City opened higher in thin trade on speculative huy ing ahead of third-quarter earnings and on optimism that the peso's recent weakness was over. The IPC index was up 18.57 at 2,351.01 by noon. Volume was low at 3m shares.

Traders said that investors were encouraged by the peso's gains on Wednesday following a rise in domestic interest rates. Early gainers included Cydsasa, the paper and petrochemicals group, which appreciated by 2.1 per cent, and G. Mexico, the mining company. 1.6 per cent ahead.

SAO PAULO could not generate a great deal of enthusiasm after a congressional committee delayed a vote on the government's administrative reform proposals. At midday the Bovespa index

was a scant 61 points softer at BUENOS AIRES was little changed by noon in a market

searching for direction. The Merval index was off just 0.69 at 425.85 hy late morning. Brokers observed that trading volume was very low, some 50 per cent down from the lev-

#### S African golds weak again

FT/S&P ACTUARIES WORLD INDICES

Industrial shares ended their hull run in a volatile day's trading, while gold stocks had to contend with a hullion price which hit a six-week low. The overall index fell 26.8 to

5.852.1, the industrials index dipped 5.5 to 7,511.5 and the golds index was 22.2 weaker at a five-month low of 1,360.1. Individual moves included Impala, which dropped R3.50

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines

The World Index (2266)...

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to R78.50, De Beers, down 90 cents at R103.75, Anglos, off R5 at R217 in trading worth more than R50m, and Richemont, R1.25 cheaper at R50.75. In the golds sector, Vaal Reefs declined R2.50 to R218, Dries 50 cents to R44.25 and

Freegold R1 to R37. Elsewhere, Sasol slipped 75 cents to R31.50 and Rembrandt 75 cents to R32.75.

Apple surprise St-Gobain under pressure on economic woes

Saint-Gohain, the building materials group, came under pressure in PARIS as a French broker lowered its recommendation from "huy" to "sell". The change was in reaction to expectations of weaker medium term economic growth throughout the Continent.

A London-based analyst said that the company was closely tied to the economic cycle, and the most likely to be associated with the recent reduction of economic growth forecasts, for France in particular. The shares fell FFr12 to FFr560.

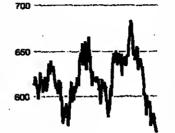
The CAC-40 index eased 13.36 to 1,757.30 in turnover of FFr4.6bn. There was further gloom for carmakers with the publication of a 20 per cent fall in new car sales during the first half of the month. Peugeot lost FFr27 to FFr633 and Renault FFr4.80 to FFr145.70.

Pechiney dipped FFr6 to FFr267. After the close of trading there were unconfirmed reports that the government would start the privatisation process on November 27. Considerable activity was

Eaux, up FFr18.90 at FFr426.90. with one large block trade transacted ahead of today's first-half results.

also seen in Génèrale des

FRANKFURT's hlue chips were weighed down hy cur-



Saint-Gobain

Share price (FFr)

rency considerations and the Dax index shed 21.48 to an Ibisindicated 2,176.09, turnover falling from DM6hn to DM4.7bn. Volkswagen dropped DM10 to DM148.30 after a week of relative strength against other carmakers, and SAP preferred continued to mourn the third-quarter figures, down DM5.60 at DM206.40.

However, the real pain was in second line stocks. In construction, Hochtief, Holzmann and Bilfinger & Berger fell DM21 to DM605, and DM20 each to DM565 and DM544 respectively; in retailers, Asko lost another DM35 at DM685. With the Dax down 1.1 per

cent on the month so far Hochtief was showing a fall of 14.2 cent. Mr Hans-Peter Wodniok, at Credit Lyonnais in Frankfurt, said that the German construction sector was in a recession which was going to be very deep, and costly, with no offset demand from the corporate or public sectors to balance a fall of 16 to 17 per cent in housing permissions so far this year. Asko, meanwhile, was off 24 per cent since September 30. There might be some hope for Kaufhof, said Mr Wodniok, as the ongoing quoted stock in the upcoming Metro/Kaufhof/Asko merger:

outside shareholders. AMSTERDAM did not like reports that the UK's committee on safety of medicines had issued a health warning on contraceptive pills manufactured by Akzo Nobel. The Dutch company declined F12.50 to F1183.10, off e session's low of Fl 181.20.

but he saw no reason why

Metro should be kind to Asko's

Analysts commented that as a percentage of total sales the contribution from the UK was fairly small and, consequently, was unlikely to have a serious effect on earnings. The AEX index lost 1.29 to

456.48. Philips continued to weaken steadily throughout

FT-SE Actuaries Share Indices THE EUROPEAN SERIES 13.00 14.00 15.00 Closs Open 11 30 12.00 12.30 Houri, changes 1404.59 1402.67 1401.84 1399.54 1522.65 1519.96 1519.09 1516.67 FT-SE Eurotrack 100 1409.46 1408.81 1407.36 1405.85 1404.59 FT-SE Eurotrack 200 1525.37 1523.51 1524.20 1522.84 1522.65 Oct 13 Oct 17 Oct 16 Oct 18 1405.03 1410.59 1406 73 FT-SF Esrotizak 100 FT-SE Eurctrack 200 1409.67 200 - 1525 63 Louistay, 100 - 1389.54 200 - 1515 51 † Partiol still on course. Gemina fell the day, and the stock finished L14.7 to L645. with a loss of Fi 1.20 to Fi 71.50. Olivetti remained out of

Polygram was unchanged at Pl 102.60 in spite of a down-grade from a local broker. MILAN finished weak as Italy was plunged again into a period of political uncertainty after the senate, as expected, passed a motion of no confi-

dence against Mr Filippo Man-cuso, the justice minister. The Comit registered a 1.48 gain at 586.22. However, the real-time Mibtel index, which held up well for much of the day, turned back from a high of 9.471 to finish 97 lower at

Ferruzzi added L20.3 at L966 after Wednesday's 10.5 per cent surge, on speculation that a group of banks might step in to acquire the group, in place of the merger with Gemina. However, many analysts were doubtful, believing that the Gemina-Montedison link was

favour ahead of its rights issue, losing L32 to L1.205. ZURICH put in a hesitant

performance ahead of today's options and futures expiry and the SMI index slipped 10.9 to 3,124.5. Weak issues included Swiss Re registered, which fell SFr12 to SFr1,208 in a technical reaction to the gains of the last three weeks. Nestle was also under pressure, shedding SFr8 to SFr1.181.

Clariant, the chemicals group spun off as a separate company by Sandoz in June. turned back from a high of SFr375 to finish SFr1 ahead at SF7368 after it reported weaker nine-month figures.

SMH saw further profit-taking, falling SFr21 to SFr760. amid rumours, subsequently oenied, that one large US hroker had downgraded the stock.

Malaysian economy ahead of

the Malaysian hudget on Octo-

ber 27, with the depressed sen-

timent exacerbated by the

absence of foreign and local

funds. The Straits Times Indus-

trial Index fell 16.15 to 2,088.74

in thin volume of 82.9m shares. KUALA LUMPUR was

dragged lower by falls in index stocks but the broader market

was mixed with huying seen in

OSLO's Total index dipped 7.02 to 734.75. Haisland, Which rose almost NKr25 on Wednes. day's planned merger with Ivax, of the US, reacted with a fall of NKr10.50 in its A shares to NKr193.50. Dvno Industries, the explosives, chemicals and plastics group, lost NKr6 to NKr132 as slightly higher nine-month profits failed to match expectations.

HELSINKI and STOCKHOLM suffered after the Nokia eightmonth results, and from subsidiary weakness in forestry stocks. Analysts put Nokia's reported FM3.6bn profits roughly in the middle of an expected FM3.3bn to FM3.98bn range, but the A shares fell FM10 to FM275, after FM259, and the Hex index by 98.95 or 4.7 per cent to 3.015.06.

Forestry shares were down 2.8 per cent in Finland and 17. per cent in Sweden. Analysts had been expecting promised capacity increases in the sector to halt product rises. There was additional weight on the downside in Ericsson, off SKM at SKr151.50 after the Nokia figures, and the Affarsvärlden General index feli 19.7 to

Written and edited by William Cochrene, Michael Morgan and

#### **ASIA PACIFIC** Building sector profits worries put lid on Nikkei rise

#### Tokyo

A forecast of sharp losses by a condominium huilder dampened sentiment during late trading and the Nikkei average, which had initially gained ground thanks to the rise in the dollar and a rally in high technology stocks on Wall Street on Wednesday, closed with only a marginal gain, writes Emiko Teruzono in

Tokyo. The 225-share Index was finally 59.39 up at 17,955.36 after extremes of 17,908.43 and 18,049.62. Export stocks and semiconductor-related issues advanced on the dollar's rise above the Y100 level and the enthusiasm for high-technology issues on Wall Street.

Volume amounted to 300m shares, against 260m. The Topix index of all first section stocks gained 9.32 at 1,434.27 and the Nikkei 300 put on 1.99 at 269.13. Advances outscored declines by 575 to 407, with 193 issues unchanged. In London the ISE/Nikkei 50 index was 0.46 firmer at 1,220.69.

Heavy selling by financial institutions in the afternoon eroded earlier gains, while reports that Haseko, a condominium huilder, would write off some Y200hn during the current husiness year due to losses from sales of its property holdings hit investor con-

The Tokyo stock exchange and other domestic stock exchanges halted trading in Haseko, but investors sold other condominium builders. Haseko was last traded at Y351, down Y28 from the previous day, while Daikyo fell Y36 to Y658 and Towa Real Estate

Development Y13 to Y350. Dalwa Bank, s 4 per cent stake holder in Haseko and one of its leading creditors, fell Y8 to Y672. Some trust banks were weak, including Mitsui Trust and Banking, off Y4 at Y860, and Yasuda Trust and Bank-ing, down Y5 at Y508, hut most of the leading hanks were firmer, with Sakura Bank up Y10 to Y1,040 and Sumitomo Bank gaining Y30 at Y1,860. Electronics stocks rose 1.6

per cent, Toshiba adding Y19

Pound Sterling Index

220.69 207.90

#### affected by the nervous senti-Haseko Corn Share price and index (rebased)



1995 Source: FT Extel

at Y735 and Hitachi Y10 at Y1,050. Semiconductor-related issues were especially strong. Oki Electric, the most active issue of the day, climbed Y27 to Y962 and Advantest was ahead Y360 at Y5,890.

Sumitomo Bakelite, a leading synthetic resin maker which bad been hongbt actively recently on reports of an increase in demand for sealants and industrial resins used for semiconductors, eased Y1 to Y784 on profit-taking.

Buying by overseas investors supported shiphuilders, the sector gaining 1.3 per cent. Mit-sui Engineering and Shiphuilding rose Y5 to Y239 and Hitachi Zosen Y3 to Y500.

In Osaka, the OSE average moved up 103.00 to 19,418.30 in volume of 28.3m shares.

#### Roundup

Worries over a possible government investigation into false and borrowed name accounts left SEOUL weaker after a congressman said in parliament that a former president held a secret slush fund.

The composite stock index closed 6.46 down at 1.000.32 after a day's low of 995.29. The congressman's remark revived a controversy that hit the market in August after a similar allegation made by a former cabinet minister.

Brokers commented that any government scrutiny into false or borrowed name accounts, believed to be widely used in stock trading, would depress share prices. Blue chips were

Currency 52 week 52 week Index High Low

140,00 162.55 205.67

193,29 182,08 122,62 142,37 181,12

High

#### ment. Korea Mohile Telecom fell Won13,000 to Won504,000 and Samsung Electronics lost Won1.500 to Won165.509.

TAIPEI extendeo Wednesday's loss es further selling pressure emerged. The weighted index slid 91,65 or 1.5 per cent to 4.941.42, up from a day's low of 4,965.57. Turnover was T\$29.7hp. The textiles sector was the

per cent, with Hualon down TSL40 at TE20.30. KARACHI put on 2 per cent following Wednesday's closure because of a strike in the city. but traders said that the raily was likely to be shortlived. The

per cent to Ro31.30 on a report

weakest performer, losing 4.3

KSE-100 Index rose \$1.04 to 1.549.27. Pakistan Telecom featured with an advance of 1.9

that the government had decided to complete its privatisation ov December.

SHENZHEN'S hard currency B index rose 3.1 per cent, stimuiated by the exchange's measures to hoost the trade in shares reserved for foreign investors. The B index put on 2.18 at 73.53. HONG KONG continued its

consolidation in a day domipated by derivatives linked trade and the Hang Seng index finished 7.91 higher at 9,981.61 after fluctuating within an 88point range. Turnover dipped to HASS.4hn.

Banks continued to benefit from the outlook for lower interest rates. Hang Seng Bank added HKS1 at HKS63.50, SINGAPORE's weak tone was attributed to further con-

cern about the outlook for the

selected second-line issues, and the composite index ended 1.91 down at 944.81. Chase Perdana extended its surge on the back of its twofor one scrip issue, the stock

rising MS1.00. to M\$11,70. SYDNEY was little changed after a late rally lifted the key index off the session's low. The All Ordinaries index added just 0.5 at 2.111.9 after an intra-day

low of 2,102.4. Volume was

246.9m shares worth A\$516.2m. Seven Network rose 4 cents' to A\$3.35 after saying that it had obtained up to 47 per cent of the shares in Sunshine Broadcasting, steady at A\$2.10.

Coles Myer was up 4 cents at A\$4.57 ahead of an approxincement after the close that the executive chairman, who had faced a barrage of criticism in recent weeks, would stand down but remain in the retailing group as vice-chairman. MANILA retreated as many

investors sold stock ahead of forthcoming IPOs, while rumours of lower than expected earnings estimates from a number of major companies i. also depressed sentiment.

The composite index declined 19.68 to 2,613.51 in turnover of 1.6hn pesos. PLDT shed 45 pesos to 1.705 pesos.

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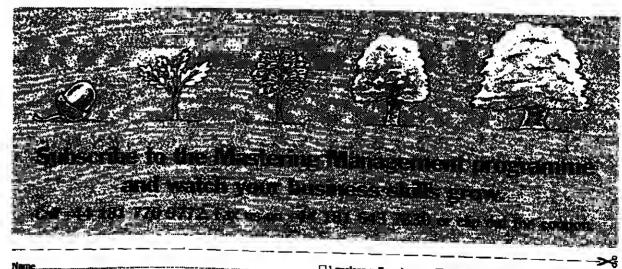
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Local % chg on day

Gross Div. Yield

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